



Daily Report

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28 March 1996

NOTICE: An * indicates material not disseminated in electronic form.

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General

PRC: Spokesman 'Implicitly' Warns U.S. Over Invitation for Li

OW2803101596 Hong Kong AFP in English
0943 GMT 28 Mar 96

[FBIS Transcribed Text] March 28 (AFP) — There can be no dialogue between China and Taiwan until the nationalist island's leaders have clearly renounced independence, Foreign Ministry spokesman Shen Guofang indicated Thursday.

Beijing also implicitly warned Washington that an invitation to President Li Teng-hui to visit the United States again, as proposed by U.S. Senator Jesse Helms, would automatically bring about a degradation in bilateral relations.

Shen said China had always favoured detente on either side of the Taiwan Strait. But the "principle of one China is beyond any discussion," he told a news conference.

"We still hope that the Taiwanese authorities will completely give up their attempt to create one China, one Taiwan," he said.

Without acceptance of this condition "it will be very hard for a relaxation of relations."

Another condition was that foreign forces "should stop interfering in China's internal affairs," an implied reference to the U.S. show of naval force off Taiwan during military exercises China staged in the strait and the island's recent presidential elections.

Shen welcomed some relaxation of tensions but said "we have also taken note that some people, including some Taiwanese leaders, are still preaching for Taiwan's re-entry to the United Nations."

He recalled that the world body had considered Taiwan as part of China since 1971 and described Taipei's intentions to spend a "great amount of money to buy an access to the UN" as a "profanity of such a sacred institution."

When asked about Senate Foreign Relations Committee chairman Jesse Helms' invitation to President Li to visit the U.S., Shen said: "I believe the U.S. side will follow the three joint communiques instead of turning the question of Taiwan into an explosive issue."

Under these communiques Washington recognises the People's Republic as the sole legal representative of China.

In an interview published Wednesday, Li said he was not planning any visits abroad, including the United States, for the time being. Li's visit to the U.S. in June

last year infuriated Beijing and led to the current soured climate across the Strait.

Shen also played down Li's crushing victory in the island's first direct presidential elections on March 23. "Most of the people of Taiwan are looking for a relaxation and for peaceful reunification at an early date," said Shen, arguing that Li's vote and those of the pro-independence lobby did not necessarily indicate that a large part of the population favoured independence.

Li, who advocates a greater international role for Taiwan, won 54 percent of the vote and the pro-independence candidate Peng Ming-min obtained 21 percent.

PRC: Spokesman Urges U.S. To Recognize Importance of Ties

OW2803134296 Beijing ZHONGGUO XINWEN SHE
in Chinese 1201 GMT 28 Mar 96

[FBIS Translated Text] Beijing, 28 March (ZHONGGUO XINWEN SHE) — Foreign Ministry spokesman Shen Guofang said here today: The United States should recognize [kan dao 4170 0451] the importance of Sino-U.S. relations and recognize that maintaining the normal development of Sino-U.S. relations is in the interest of the United States.

Shen Guofang made the remarks when he answered a question concerning some people in the U.S. Senate who suggested that Li Denghui [Li Teng-hui] visit the United States again.

The spokesman pointed out: China has taken note that the U.S. Government has indicated many times that it does not want to see the development of U.S.-Sino relations affected by such issues as inviting Taiwan leaders to visit the United States. At the same time, China has also taken note that the U.S. Government has stressed many times that in the future it will handle the Taiwan issue on the basis of one China.

Shen Guofang warned: The U.S. side should not make the Taiwan issue an explosive issue [bao zha xing 3615 3498 1840] in Sino-U.S. relations.

Answering a relevant question on the cross-strait relations following the change in the method of producing Taiwan leaders, Shen Guofang reiterated [China's] consistent principled stand.

Shen Guofang stressed: Any person who promotes Taiwan independence will meet with our strong opposition. He said: We have taken note that people of various circles on the Taiwan island hope for a relaxation of tensions between the two sides, but we have also taken

note that some people in Taiwan, including some leaders of the Taiwan authorities, are continuing to advocate joining the United Nations and expanding their international space.

PRC: Spokesman Says No 'Administrative Vacuum' in Hong Kong

OW2803134996 Beijing China Radio International in Mandarin to Hong Kong, Macao, the Zhu Jiang Delta, and Southeast Asia 0900 GMT 28 Mar 96

[From the "News and Report on Current Events" program]

[FBIS Translated Text] Responding to reporters' questions 28 March, Chinese Foreign Ministry spokesman Shen Guofang said that there will be no so-called "administrative vacuum" in Hong Kong before 1 July 1997. Shen Guofang said that the operation of the future government of the Hong Kong Special Administrative Region and the handing over of political power in 1997 have all been provided under the Basic Law. In regard to how the whole process will function, the Preparatory Committee will conduct serious deliberations on it. Shen Guofang also said that current senior Hong Kong officials' participation in the work of the future Special Administrative Region Government will be welcome; of course, they have to meet the requirements of the Basic Law, with particular reference to whether they support the Basic law and whether they love the country and Hong Kong.

PRC: Vice Premier Li Lanqing Meets Exposition Chairman

OW2703122696 Beijing XINHUA in English 1156 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Chinese Vice-Premier Li Lanqing met here today with Ole Philipson, chairman of the International Bureau of Exposition [BIE].

Philipson and his party are here at the invitation of the provincial government of southwest China's Yunnan Province.

Established in 1928, BIE is a management organization of the world fairs. Currently, there are 47 state members in the bureau. China became its member in 1993.

PRC: Qiao Shi Leaves for Ukraine, Russia, Greece, Cuba, Canada

OW2803043496 Beijing XINHUA in English 0343 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — Qiao Shi, chairman of the Standing Committee of

the National People's Congress (NPC), and his party left here today for Kiev, starting his official good-will visit to Ukraine, Russia, Cuba and Canada.

Qiao has been invited by President of the Supreme Soviet of Ukraine Oleksandr Moroz, Chairman of the Federation Council of Russia Stroyev and Chairman of the Russian State Duma Gennadiy Selezniyov, President of the National Assembly of People's Power of Cuba Ricardo Alarcon de Quesada and Speaker of the House of Commons of Canada Gilbert Adolph Parent.

During his trip, Qiao will make a visit to Greece at the invitation of the President of the Parliament of Greece Apostolos Kakkamanis.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, and vice-chairmen of the NPC Standing Committee, Wang Hanbin, Ni Zhifu and Wang Guangying went to the Great Hall of the People and saw Qiao and his party off.

Diplomats from the embassies of Ukraine, Russia, Greece, Cuba and Canada also saw Qiao off in the Great Hall of the People.

PRC: UN Head Continues Visit, Comments on Peacekeeping Role

OW2703122196 Beijing XINHUA in English in English 1151 GMT 27 Mar 96 1151 GMT 27 Mar 96

["UN Chief on Post-Cold War UN Role" — XINHUA headline]

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — The United Nations is playing unique roles in preventing conflicts, peace-keeping and peace-building, and in providing a forum to help tackle global and transnational issues.

This was stated here today by visiting UN Secretary General Butrus Butrus-Ghali in his speech to hundreds of Chinese scholars and experts on international issues.

To achieve collective security, to promote friendly relations among nations based upon shared values, to promote human rights and fundamental freedoms, and to engage in cooperative problems-solving of economic, social, cultural and humanitarian issues — these were the goals of those who created the United Nations 50 years ago and they are the goals of the United Nations today, Butrus-Ghali said.

However, the world of today is not the same as that of 50 years ago. In the new world environment, the UN, as a unique instrument in the service of the member states, is more than ever essential, Butrus-Ghali said. The UN

has "a unique set of mechanism for preventing conflict", "a unique mechanism for keeping peace", "an essential framework for building peace", and a unique forum for all countries to forge consensus and agreements on global issues. In addition, Butrus-Ghali noted, the UN conferences and summits have become an essential mechanism for bringing together all the relevant states to focus on particular transnational issues.

China has in recent years played a "key role" in UN activities. Unprecedented examples of the role is in Rio de Janeiro in 1992, the UN Conference on Environment and development, the human rights conference in Vienna in 1993, the population and development conference in Cairo in 1994, and the conference on poverty, unemployment and social dislocation in Copenhagen in 1995. The successful convening of the 4th World Conference on Women held in Beijing last year has resulted in achieving new recognition toward the solution to long-standing problems of human development — Women's issues, Women's progress and their status in social and economic development, Butrus-Ghali stated.

The lecture was organized by the United Nations Association of China.

PRC: Butrus-Ghali: No Possibility of Taiwan Joining UN

OW2703150896 Beijing XINHUA in English
1454 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — United Nations Secretary General Butrus Butrus-Ghali said today that there is no possibility of Taiwan joining the United Nations.

Speaking at a press conference in Beijing, Butrus-Ghali said that the fact that Taiwan is a part of China was made clear as early as December 1, 1943 in the Cairo Declaration, and that Resolution 2758 adopted by the United Nations General Assembly in 1971 also states that there is only one China.

"This is the position of the United Nations and the position of the majority of member states of the United Nations," he said. Certain member states over the past few years tried to put the question of Taiwan on the agenda of the UN General Assembly. However, he said, "The majority of UN member states refused this" on the basis of the above-mentioned resolutions.

The Chinese Government, and its leaders, have always hoped that the Taiwan question will be settled peacefully. "This is the official point of view that I have heard" during the visit, Butrus-Ghali said.

Describing his ongoing visit to China as a success, the secretary general said that he had "very constructive and

positive" meetings with President Jiang Zemin, Premier Li Peng and Vice-Premier and foreign Minister Qian Qichen.

PRC: Butrus-Ghali Concludes Visit to China

OW2803071296 Beijing XINHUA in English
0640 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — United Nations Secretary General Butrus Butrus-Ghali left here today for Seoul after concluding his 5-day visit to China.

During his stay in the Chinese capital, Ghali held talks with Chinese Foreign Minister Qian Qichen on reinforcing relations between UN and China. Chinese President Jiang Zemin and Premier Li Peng met with him respectively to exchange views on a wide-range of issues.

Ghali told a press conference Wednesday evening that he was satisfied with the result of the China trip.

PRC: UNHCR Praises Beijing for Resettling Refugees

OW2703143196 Beijing XINHUA in English
1202 GMT 27 Mar 96

[FBIS Transcribed Text] Nanning, March 27 (XINHUA) — The Chinese government has been praised for its efforts in finding places for Southeast Asian refugees over the past decade, according to a recent work meeting on refugees in Guilin, in southwest China's Guangxi Zhuang Autonomous Region.

The meeting with the Office of the U.N. High Commissioner for Refugees on programs to aid China in re-locating refugees noted that the Chinese government's work had been effective.

XINHUA has learned that more than 280,000 Southeast Asian refugees entered China through the Guangxi region and Yunnan Province from 1978 to 1979, and were re-settled by the Chinese government in Guangxi, and Guangdong, Fujian, Hainan, Yunnan and Jiangxi provinces.

For more than a decade, with the assistance of the Office of the U.N. High Commissioner for Refugees and the Chinese government, the refugees have become a part of the local cultures.

By the end of 1995, Guangxi had received a total of 31 million US dollars in loans from the Office of the U.N. High Commissioner for Refugees to be used for 159 programs in industry, agriculture, medical care, education, and others areas.

The Chinese government has allocated over 800 million yuan to help the refugees develop production methods and improve their living standard.

United States & Canada

PRC: Sino-U.S. Textile Talks End Without Agreement

OW2803090996 Beijing XINHUA in English
0645 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — Chinese and U.S. negotiators ended their three-day negotiations on textiles trade here Wednesday [27 March] without reaching any agreement.

A Chinese negotiator from the Ministry of Foreign Trade and Economic Co-operation said here today that the negotiations from 25 to 27 this month focused on examination of nine cases of illegal transshipment of textiles, exemption from quotas for the export of China's hand-woven carpets to the United States, rearrangement of visas for licenses for exports of Chinese textiles to the U.S. and the remaining issues of the text of an agreement on silk.

During the negotiations the two sides briefed each other on their investigations on some transshipment cases, the Chinese negotiator said, and the Chinese side briefed the U.S. side on the measures China has taken in cracking down upon the illegal transshipment of textiles, and asked the U.S., based on the principle of bilateral agreement, to co-operate with China in a more positive way, especially on the issue of hand-woven carpets.

According to the negotiator, the two sides agreed to continue their investigations on some cases and offer each other timely information as well as maintain contacts on some issues in a bid to reach an agreement at an early date.

PRC: U.S. Condemned for 'Meddling in Taiwan Affairs'

HK2803082796 Hong Kong WEN WEI PO in Chinese
24 Mar 96 p A8

["Contributed commentary" by Pei Ran (3099 3544): "U.S. Attempt To Hinder China's Reunification Is Doomed to Failure"]

[PTS Translated Text for FBIS] The United States has recently stepped up its meddling in Taiwan affairs, dispatching warships to the Taiwan Strait on the one hand and ratifying the sales of sophisticated weapons, including Stinger missiles, to Taiwan on the other. In addition, the U.S. House of Representatives adopted a resolution on the situation in the Taiwan region,

brazenly calling on the United States to help "defend Taiwan."

These moves, which constitute serious interference in China's internal affairs, clearly encourage the arrogance of "Taiwan independence" and have aggravated the tense situation in the Taiwan Strait. Chinese Foreign Ministry spokesman Shen Guofang sternly pointed out: "The attempt by certain Americans to use the threat of arms to hinder the Chinese people's national desire to attain national unification is doomed to failure." Historical developments will inevitably prove the correctness of this judgment.

The question of Taiwan is very complicated, which is actually caused by U.S. troublemaking. When Chiang Kai-shek fled from the mainland to Taiwan, the United States placed the question of Taiwan in a strategic position in an attempt to control and even occupy Taiwan. For this reason, the United States vigorously supported the "Taiwan independence" forces on the island and covertly incited the "Taiwan independence" elements to oppose the Kuomintang regime led by the Chiangs in a bid to replace it one day. After Li Teng-hui assumed power, he implemented the policy of "sham unification but real independence" and lifted the ban on and legalized the "Taiwan independence" activities which were illegal, which resulted in the rampant and rapid expansion of "Taiwan independence" forces. Clearly, Li Teng-hui obtained vigorous U.S. support for wantonly going in for "Taiwan independence." The whole plot was actually hatched by the United States. Li Teng-hui's visit to the United States last year serves as an example. Later, the United States further readjusted its China policy and frequently exerted pressure on China in the political, economic, diplomatic, and military fields, which damaged Sino-U.S. ties. In view of this, Li Teng-hui and the "Taiwan independence" forces unscrupulously upgraded their "Taiwan independence" activities, with the backstage support of the United States. It is very unusual that figures responsible for U.S. organizations in Taiwan have frequently held secret meetings with the Taiwan authorities over the past few months. People have every reason to believe that the "Taiwan independence" farce is actually directed by the United States, with Li Teng-hui playing the main role. Li Teng-hui has actually acted on the orders of the U.S. anti-China forces. Without the support of the U.S. anti-China forces, could Li Teng-hui dare to be so arrogant? When the United States announced that it would dispatch warships to the Taiwan Strait, Li Teng-hui's tone suddenly became "tough," saying that "Taiwan is not afraid even if the mainland launches another dozen of missiles." Other top-level Taiwan figures also welcomed the U.S. warships, boasting that "Taiwan has powerful military

forces and the mainland will be defeated if it attempts to attack Taiwan," which unmasked their ugly features of relying on foreign influence.

Nonetheless, a number of Taiwan figures of insight expressed their anxieties and discontent at the United States for meddling in Taiwan affairs and strengthening its military aid to Taiwan. Taiwan's "senior presidential statesmen" Lin Yang-kang and Hao Bo-tsun, another "presidential" candidate, and former Taiwan Defense Minister Chen Lu-an condemned the dispatch of U.S. warships, which they said worsened the situation in the Taiwan Strait. They said that cross-strait relations were strained because of Li Teng-hui's pursuit of "Taiwan independence." Regarding U.S. sales of sophisticated weapons to the East Asia region and its decision to sell Stinger missiles to Taiwan, the Taiwan authorities immediately "welcomed" the move. Rock Leng, spokesman for Taiwan's "Foreign Ministry," alleged that the move was "reasonable" and "was necessary for security in East Asia." However, Lin You-fang, who is from a new party and is a member of the "Legislative Yuan," penetratingly pointed out: "Taiwan will become more dependent on the United States in terms of arms sales, which will turn Taiwan into a pawn in U.S. strategy and a blockhead in economy and trade."

We have cited these examples to prove one point: The root of the problems in Taiwan comes from the United States. In recent years, the United States has never stopped interfering in China's internal affairs, meddling in Taiwan affairs, offering military aid to Taiwan, supporting the "Taiwan independence" forces, hindering China's great cause of reunification, attempting to make use of the Taiwan issue to contain China, and regarding the Taiwan region as a U.S. protectorate. As a result, Sino-U.S. relations have failed to improve fundamentally, the "Taiwan independence" forces have not just continued to exist but have expanded rapidly, the situation in the Taiwan Strait has remained abnormal and failed to ease for a long time, and even when the situation eased somewhat it was again intensified by the United States. Numerous facts have proved that the U.S. anti-China forces are the arch-criminals creating a confused situation in Taiwan and tension in the Taiwan Strait. They are also the backstage bosses of the "Taiwan independence" forces. The series of People's Liberation Army (PLA) exercises conducted recently are aimed at "Taiwan independence" and are preparations made to crush foreign (mainly United States) armed encroachment in Taiwan. When observing a problem, we should see through the appearance and get at the essence. The PLA military exercises have dealt a heavy blow to "Taiwan independence" forces and U.S. armed support for Taiwan. Without displaying our power, it would be im-

possible to safeguard our sovereignty and defend the country's territory. This does not mean "Chinese fighting Chinese." Instead, it makes the Chinese feel proud and elated, and boosts their courage to fight back against the hegemonistic acts of U.S. armed threats and interference in China's internal affairs and never tolerate or accommodate the "Taiwan independence" activities of the splittists. It fully manifests the great resoluteness and firm determination of the Chinese nation in opposing foreign invasion and safeguarding sovereignty and territory. We are pleased with and proud of the success of the PLA's military exercises.

PRC: Editorial on Consequences of Jesse Helms' Invitation

HK2803070396 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 20

[Editorial: "Jesse's Games"]

[PTS Transcribed Text for FBIS] The chairman of the US Senate Foreign Relations Committee, Jesse Helms, evidently has little interest in peace in Asia. Just as tensions across the Taiwan Strait appear to be easing, Mr Helms has acted to inflame the situation by inviting Taiwanese President Lee Teng-hui to Washington.

This is not the first time Congressional Republicans have been needlessly provocative towards Beijing. It was their pressure which forced a reluctant Clinton administration to grant Mr Lee a visa for his visit to Cornell last summer, sparking off nine months of confrontation.

Some lawmakers seem to have learnt from that mistake. The Republican presidential nominee, Bob Dole, has so far refrained from making political capital out of the Taiwan crisis — although the temptation to do so will increase as he battles to narrow President Bill Clinton's lead in the run-up to the November election.

Even the Speaker of the House of Representatives, Newt Gingrich, has started to strike a more moderate tone. Only last summer he tried to "rattle China's cage" by calling for diplomatic recognition of Taiwan. Now he says it is up to the White House to decide if Mr Lee should be invited back. Mr Helms is too much of an anti-China hawk to care about the damage he is doing. Instead he vowed to "enjoy the squawking" as Beijing yesterday began its protests. It can only be hoped that his provocative proposal wins little support on Capitol Hill.

Mr Lee seems unlikely to rise to the bait. Yesterday he was quoted as pledging not to undertake any foreign trips for "quite a while", and specifically ruling out an early visit to America. Having scored such a decisive

electoral victory despite Beijing's attempts to intimidate the voters, Mr Lee should find it no great sacrifice to abandon such travel invitations for the sake of rebuilding cross-strait relations and seeking the peace accord he says is now his priority.

But such a strategy will not work unless it is also followed by his subordinates. The declaration by the government spokesman, Jason Hu, about Taiwan continuing to press for a higher international profile is less than helpful at this stage.

In the post-election period, all sides should devote their energies to defusing tensions, rather than rekindling them. One useful step in this direction would be for the Republicans to muzzle Mr Helms.

PRC: Editorial on U.S. 'Interference' in Hong Kong
HK2803071596 Hong Kong TA KUNG PAO
in Chinese 27 Mar 96 p A2

[Editorial: "The United States Has Extended Its Hands Too Far"]

[PTS Translated Text for FBIS] The United States has extended its hands too far: One to Taiwan and the other to Hong Kong.

As it was, the military exercises conducted by the Chinese People's Liberation Army (PLA) in the East and South China Seas were normal military drills and were designed to display China's resolve and capacity to safeguard national sovereignty and territorial integrity. The exercises were in no way directed against Taiwan people, but rather against "Taiwan independence" and foreign forces interfering with China's reunification. China's anti-splittism and anti-"Taiwan independence" campaign is intended to safeguard national sovereignty and territorial integrity. It is purely China's internal affair and no other countries are allowed to interfere.

But the United States, on the pretext of the PLA's military maneuvers, brought a groundless charge against China, sent a fleet to cruise in Taiwan's waters, and threatened to "defend Taiwan." A few days ago, the U.S. Senate and House of Representatives respectively adopted resolutions on interfering in China's internal affairs. They shouted that U.S. troops should "protect Taiwan" and called on their government to provide Taiwan with "defensive military equipment systems." This simply amounts to a brazen military threat against China and interference in China's internal affairs.

Taiwan is a part of Chinese sacred territory and not a dependent territory of the United States. The United States naturally deserves bitter condemnation by the Chinese Government and people for meddling in the Taiwan issue and preventing China's reunification.

When the British Foreign Ministry issued a statement yesterday expressing "regret" at the decision of the Preparatory Committee [PC] of the Hong Kong Special Administrative Region [SAR] on setting up an SAR provisional legislature, a White House spokesman came forward to make carping comments, expressing "concern" over replacing the "democratically elected legislative council [Legco]" with a provisional legislature and wanting China to prove "Hong Kong people ruling Hong Kong" and "a high degree of autonomy" with facts.

As is known to all, the Hong Kong issue is a matter between the Chinese and British Governments before 1 July 1997. No third-party intervention is allowed. The issue is purely China's internal affair as of 1 July 1997. It brooks no foreign interference.

The PC is an organ of power set up by the National People's Congress [NPC]. It is responsible for making preparations for restoring China's sovereignty over Hong Kong, for making decisions on matters related to setting up the SAR, and for putting the decisions into effect. Therefore, the PC's decisions are matters within China's sovereignty. Clearly, in making irresponsible remarks on the PC's decision to set up a Hong Kong SAR provisional legislature, the United States and Britain have actually interfered in China's internal affairs. This is something unacceptable to the Chinese people including Hong Kong compatriots.

It cannot be denied that the United States knows clearly that setting up a provisional legislature was the only alternative open to the Chinese side when the British side damaged the "through train." Given a "through train," legislators could not sit in the SAR's first legislature before the PC confirmed that the formation of the last Legco under British rule complied with the Basic Law and that the legislators met the requirements of the Basic Law, rather than allowing the term of existing legislators to span 1997 and extend to 1999 and thus allowing the Legco to take the place of the Hong Kong SAR legislature. The last Legco under British rule and the Hong Kong SAR legislature are two entirely different institutions under two regimes of different characters, so the former can never take the place of the latter. Setting up the Hong Kong SAR provisional legislature is the only choice in default of a "through train." Those who try to substitute the last British Hong Kong Legco for the Hong Kong SAR legislature have an axe to grind.

"Hong Kong people ruling Hong Kong" and "a high degree of autonomy" can only be translated into reality after the PC has accomplished preparations for setting up the Hong Kong SAR in accordance with the Basic Law and relevant resolutions adopted by the NPC

and its standing committee. Setting up a provisional legislature represents an important step toward "Hong Kong people ruling Hong Kong" and "a high degree of autonomy." The last Legco under the British Hong Kong Government is an outcome of "Britons ruling Hong Kong" and it is Britain-appointed Governor Patten's advisory and legislative body. Is it not an extremely big farce to allow Patten's Legco to operate through the 1997 transition in order to prove "Hong Kong people ruling Hong Kong" and "a high degree of autonomy"?

Over the last few years, the United States has meddled in Hong Kong's affairs many times. In July last year, when Martin Lee Chu-ming repeatedly slandered the agreement on setting up the court of final appeal reached by China and Britain and was to put forward an amendment motion in Legco, a U.S. organization, to our surprise, decided to award an "international human rights prize" to him. In September, the U.S. State Department spokesman made thoughtless comments on the Legco elections, saying that the United States is "concerned about" "Legco's future" and that China should "allow" Legco to span 1997. The reason the United States is so much concerned with the fate of Legco and Martin Lee Chu-ming is, as a British newspaper's editorial put it, they believe Hong Kong "totally rejected pro-Beijing candidates and allowed a political party, whose leader is labeled a 'subversive' and a 'reactionary' by Beijing, to score a sweeping victory." Clearly the United States harbors undisguised motives.

Through an analysis of Patten's words and deeds, one will have no difficulty in finding out that U.S. interference in Hong Kong affairs is a response to Patten's appeal for international pressure on China. Immediately after the Legco elections, Patten appealed to the "international community to respect the results," then the U.S. State Department spokesman expressed "concern" for Legco. When the PC decided to set up a provisional legislature, which dashed the dream of Legco members "serving through the transition," Patten breathlessly demanded that China "explain to the world," which represented another form of appeal by him for international intervention. Accordingly, the United States came forward to express "concern" over the fate of Legco.

Patten believed the pressure applied to China by such a major country as the United States might save Legco from terminating its operations on 30 June 1997. Clearly, Patten miscalculated the situation again as well as the authority of the PC's decision. Despite Britain's statement and the United States' "concern," the setting up of a provisional legislature is irresistible.

PRC: Commentary Criticizes U.S. on Human Rights

OW2803080796 Beijing XINHUA in English
0736 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — The Information Office of China's State Council today hit back at the United States for finding groundless fault with China's human rights conditions.

In a lengthy commentary published here today, the Information Office said that the United States imposed power politics, and was interfering in China's internal affairs, with the release of the 1995 Human Rights Report (part on China) of the US Department of State on March 5.

The 7,000-word commentary, entitled "Safeguarding Human Rights or Interfering in Internal Affairs" of China, criticized the US report for standing against China, distorting facts, interfering in the affairs of more than 190 countries and regions according to US standards, practising hegemonism, and imposing power politics.

The commentary pointed out that the US report was based on one ridiculous logic: that "respect for human rights" meant to tolerate those people opposed to China's legal government and Chinese Communist Party's leadership, otherwise, human rights is thought to be infringed.

It noted that the political bias, and wrong stand against the Chinese government and China's social system, run counter to international conventions on human rights.

With regard to US blame for China's sentence of Wei Jingsheng, detention of "Anointed One" leader Wu Yangming, and the Chinese government's requirement for reporters to keep state secrets, the Information Office criticized the United States for commenting on China's human rights situation with a political bias, and unfair stand of opposing China and the Communist Party.

The United States will turn a deaf ear, and keep their eyes closed, to China's social and economic developments, and improvements in democratic politics and human rights, as long as China remains a Communist Party-led socialist country, and pursues a political system different from that of the United States, the Information Office said in the commentary.

What the United States cares for is whether a few lawbreakers, or criminals, have the right to overthrow China's legal government and the Communist Party's leadership, and to change China's current political system, the commentary said.

The commentary refuted the US report with regard to the employment of those released after serving their prison terms, China's one-party leadership, lack of judicial procedures in sentencing Harry Wu, problems relating to ethnic minority groups, and immigration freedom of Chinese citizens.

It criticized the US report for using groundless materials which applied such terms as "it is said", "it is believed", "according to unconfirmed reports". If they are "unconfirmed," why are they used in the report? Isn't it too unserious and irresponsible to do so?

"China is an independent sovereign state with distinctive cultural traditions and national characteristics, and it is neither necessary, nor probable for China to change itself in accordance with US standards, let alone permit the United States to order others about," the commentary said.

In its final part, the commentary listed many facts about China's progress in human rights over recent years and particularly in 1995.

The US report did not give an objective and fair assessment about such progress, but distorted the basic facts deliberately and attacked China viciously, it said.

What the United States cares for is not the human rights of Chinese people, but to vilify China, damage its stability, hold back its development, and then change the road for development and the social system in China, the commentary said.

"In short," the commentary stressed, the United States "is employing the human rights to interfere in China's internal affairs and pursue hegemonism and power politics."

PRC: Further on Information Office Commentary
OW2803082496 Beijing XINHUA in English
0733 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — The Information Office of the Chinese State Council said here today that 1995 saw continued all-round progress in China's human rights.

In a commentary on the US State Department Human Rights Report for 1995 (part on China), which was published here today, the Information Office said that China's national economy grew rapidly while the people's material and cultural living standards were further improved in 1995.

The commentary said that in 1995 China revised the Law on Deputies to the National People's Congress and Local People's Congresses at Various Levels and the Organic Law of the Local People's Congresses and

Governments at Various Levels. China also promulgated and implemented the Police, Procurators, Judges and Education laws.

The Fourth Session of the Eighth National People's Congress, which just closed recently, passed the Law on Administrative Punishment and revised the Law on Criminal Procedures. All these measures have improved the legal guarantees for human rights and strengthened the protection of human rights, it noted.

The commentary said that the political situation in China is now stable, its economy is growing, its society is progressing, nationalities are united, people are living and working in peace and contentment, and their living standard has constantly improved. The human rights situation is being comprehensively improved.

PRC: Commentary Says Harry Wu 'Chose His Own' Attorneys

OW2803083096 Beijing XINHUA in English
0734 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — American citizen Harry Wu (Wu Hongda) himself chose his own attorneys from a list of law offices provided by the American Embassy in China in accordance with the relevant regulations about attorneys' qualifications set in Chinese laws.

The Information Office of Chinese State Council stated the fact in a long commentary entitled "Safeguarding Human Rights or Interfering in the Internal Affairs" of China, released today to refute the US State Department Human Rights Report for 1995.

Wu was once convicted of theft and rape and punished according to law. Shortly after he went to the United States in 1985, Wu obtained American citizenship. From 1991, by using the aliases "Peter Hwu" and "Harry Wu", he slipped into restricted areas in China to steal secret information from restricted places to fabricate propaganda materials slandering China, said the commentary.

In July 1995 Wu was detained and then arrested as he illegally sneaked into China again. Afterwards the Wuhan Intermediate People's Court tried Wu through legal procedures, according to the commentary.

It said that the report made a fuss about the case of Wu, saying that "the case of U.S. citizen Harry Wu exemplified problems with the lack of procedural and substantive due process of law and also the problem of forced confessions" and "the authorities permitted Wu to choose (his attorneys) only from a list of government-approved names."

Wu's attorneys were chosen by himself in accordance with the relevant regulations about attorneys' qualifications set in Chinese law from a list of law offices provided by the American Embassy in China, and Wu had expressed satisfaction for the defence in court and wrote a letter of gratitude, said the commentary.

An official with the American Embassy in China, who was present in court when Wu was tried, said that he had not expected that China would allow such a positive defence for Wu, it said.

Wu admitted his guilt in a letter of confession which he himself offered to write. The court sentenced Wu to 15 years in jail and informed him that he could appeal to a higher court if he did not plead guilty. But Wu pleaded guilty and gave up the right of appealing, the commentary said.

PRC: Commentary: 'Anointed One' Leader Guilty of 'Criminal Acts'

OW2803083896 Beijing XINHUA in English
0734 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — China said today that the leader of the "Anointed One" sect, Wu Yangming, was found guilty of the most heinous criminal acts under the guise of religious activities.

The Information Office of the State Council made the statement today in a long commentary to refute the Human Rights Report For 1995 issued by US Department of State on March 5.

The commentary pointed out that Wu Yangming raped and sexually harassed more than 100 women. What is more he forcibly controlled more than 20 young women religious believers for a long time.

The commentary, entitled "Safeguarding Human Rights or Interference in the Internal Affairs" of China, said that the US Report confused right with wrong by accusing the Chinese government of violating the guarantee of freedom of religion by banning the Henan-based Christian evangelical sect known as the "Shouters" and reportedly detaining leaders of the "Anointed One" sect.

It goes on to say that the "Shouters", which are regarded by many Christians as heretics, engaged publicly in criminal activities, both against the government and against society under the guise of religious activities. They said they would "organize the sect to fight the government to the end," got their religious followers to cause disruptions near government institutions, attacked government officials, and engaged in other illegal or criminal activities such as rape or fraud.

These sects are not religious organizations, but are, in fact, similar to "doomsday cults" that have existed in the United States, Japan, and other countries, the commentary said.

"No responsible government in the world would sit idly by and be indifferent to such seriously anti-social criminal activity," the commentary said.

"The United States itself has cracked down on 'doomsday cults' in an extreme way," it pointed out.

The US Report, completely disregarding international legal standards, used anything at all as "evidence" of a Chinese "violation of human rights", even if [as received] involved actions against criminal activities that were directed at overthrowing the Chinese government or the socialist system, the commentary adds.

It quotes a Chinese saying that says "If you are out to accuse someone, you can always find something wrong", and this accusation is nothing but a confusing of right with wrong.

PRC: Commentary Refutes Report on Prisoner 'Maltreatment'

OW2803084396 Beijing XINHUA in English
0738 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — In a lengthy commentary published here today, the Information Office of the State Council refuted the US accusation of the maltreatment of prisoners in the US State Department Human Rights Report For 1995 released on March 5.

Citing an example, the US Report claims that Ren Wanding had difficulties in obtaining timely and adequate medical treatment, and has reportedly been severely beaten by other inmates.

The commentary, which is entitled "Safeguarding Human Rights or Interference in the Internal Affairs" of China, said that Ren, who was sentenced to seven years in prison, has been treated well both in his living conditions and medical care since he entered prison in 1991.

It said Ren has periodical physical examinations and received proper treatment when he was ill.

A recent physical examination showed that Ren is in normal physical condition, the commentary said, adding that it is a sheer fabrication that he was beaten severely by his inmates.

Northeast Asia

PRC: Mongolian Leader Continues Visit, Meets Li Peng

*OW2703145896 Beijing XINHUA in English
1440 GMT 27 Mar 96*

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Chinese Premier Li Peng said today that to have a long-term and stable friendship with Mongolia is an unswerving policy of the Chinese Government.

Li made the remark in Beijing during talks with visiting Mongolian Prime Minister Puntsagiyn Jasray in the Great Hall of the People.

During the talks, they exchanged opinions on bilateral relations, as well as regional and international issues of common concern.

Extending his welcome to Jasray, Li recalled his visit to Mongolia in 1994, and said that he believed Jasray's current visit to China is bound to push forward the bilateral good-neighborly ties and cooperation.

Noting that China and Mongolia share long borders and a traditional friendship, Li said that China has all along treasured the traditional friendship between the two peoples.

He went on to say that during his visit to Mongolia in 1994, he proposed five fundamental principles for the development of friendship and cooperation between the two countries, outlining China's good-neighborly policies towards Mongolia.

The two sides also signed a treaty on bilateral friendship and cooperation, guiding the development of bilateral relations, added the premier.

Li said that China has always adhered to an independent foreign policy of peace, and concentrated on developing good-neighborly relations with the neighboring countries.

He continued that to forge a long-term and stable friendship with Mongolia, an important neighbor of China, is an unswerving policy of the Chinese Government.

China respects the Mongolian people for their choice of the road to development, and is glad to see their achievements in the past few years to maintain national stability, develop the economy, and raise its people's living standards.

Saying that China always attaches importance to developing equal and reciprocal economic and trade relations with Mongolia, Li noted that the two countries have complementary resources, and different advantages in economic structures. This, in Li's words, cherishes a

potential for furthering bilateral economic, trade, and science and technological cooperation.

Li stressed that China is ready to improve its cooperation with Mongolia, and continuously explore new ways to push bilateral economic and trade cooperation to a new level.

Jasray said that his current visit is aimed at strengthening bilateral relations and cooperation, adding that such relations in various fields have scored great progress in the past few years.

Describing Li's visit to Mongolia in 1994 as important for the smooth development of bilateral relations, Jasray said that the treaty on bilateral friendship and cooperation is functioning as the political and legal basis for bilateral relations.

Jasray told Li that Mongolia attaches importance to its friendly relations with China, which is in the interests of the two peoples, and conducive to regional peace and stability.

The Mongolian side appreciated China's policy on good-neighborly ties and China's support for Mongolia as a nuclear-free zone, added Jasray.

He also noted that Mongolia is glad to see the marked development of bilateral economic and trade relations in the past few years, and the smooth development of bilateral economic cooperation, especially China's investment in Mongolia.

China's economic aid to Mongolia has also played an important role in the economic development of Mongolia, according to Jasray.

He reiterated that Mongolia always sticks to a "one China" policy, and recognizes the Government of the People's Republic of China as the sole legitimate government representing China.

Noting that Taiwan is an inalienable part of China's territory, Jasray said that Mongolia opposes Taiwan's entry into the United Nations.

He added that Mongolia will not have any official contact with Taiwan, except some non-governmental trade exchanges.

Li expressed his appreciation for Mongolia's position on the Taiwan question.

In addition, the two prime ministers briefed each other on the situations in their respective countries.

After the talks, the two sides signed three documents including an agreement on economic and technological cooperation between the two governments.

Li hosted a banquet for Jasray and his party who arrived in Beijing at noon today for a four-day official visit as Li's guests.

Before the talks, Li presided over a welcoming ceremony for Jasray, and accompanied him in reviewing a guard of honor of the three services of the Chinese People's Liberation Army.

PRC: Jiang Zemin Meets Mongolian Prime Minister

OW2803081796 Beijing XINHUA in English
0729 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — Chinese President Jiang Zemin met with visiting Mongolian Prime Minister Puntsagiyn Jasray here this afternoon, exchanging views on issues of common concern.

Jasray and his party arrived here Wednesday [27 March] for a four-day official visit to China, as Chinese Premier Li Peng's guests. Li and Jasray held talks Wednesday afternoon.

This is Jasray's first visit to China after he took office as prime minister in 1992.

PRC: Friendship Association Presents Six Generators to Mongolia

OW2803043796 Beijing XINHUA in English
0249 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — China presented six electric generators to Mongolia here today.

The generators were presented by the China-Mongolia Friendship Association and the High-technology Research and Development Center of the State Science and Technology Commission to the Mongolia-China Friendship Association (MCFA).

Qi Huaiyuan, president of the Chinese People's Association for Friendship With Foreign countries and Lhamsuren Enebish, deputy Prime Minister of Mongolia and MCFA President, who is accompanying Mongolian Prime Minister Puntsagiyn Jasray on his current China tour, attended the presentation ceremony today.

PRC: Container Railway Connects PRC's Tumen, DPRK's Najin

SK2803045196 Changchun JILIN RIBAO in Chinese
17 Feb 96 p 1

[FBIS Translated Text] A container railway line between Tumen and Najin of the DPRK formally opened to traffic a few days ago.

Following the opening of the Yanbian-Najin-Pusan container air route in October 1995, this railway line is the first container railway thoroughfare where containers can be delivered from inland areas to the sea.

Southeast Asia & Pacific

PRC: Thai Prime Minister Banhan Visits Shanghai

OW2703131996 Beijing XINHUA in English
1311 GMT 27 Mar 96

[FBIS Transcribed Text] Shanghai, March 27 (XINHUA) — Visiting Thai Prime Minister Banhan Sinlapachacha and his party arrived here from Xian today for a visit to this China's largest economic center.

This evening, Mayor Xu Kuangdi of Shanghai met with Banhan and his party and briefed them on the economic development of Shanghai and its opening up to the outside world.

Xu told the prime minister that the cooperation between Shanghai and Thailand has been "effective".

Banhan said his country would continue to enhance economic and trade ties with Shanghai. He also welcomes Shanghai enterprises to invest in Thailand.

PRC: Canberra, Beijing To Expand Aviation Links

OW2703145596 Beijing XINHUA in English
1433 GMT 27 Mar 96

[FBIS Transcribed Text] Canberra, March 27 (XINHUA) — A Sino-Australia air memorandum signed here this week is expected to dramatically expand the air service links between the two countries, Australian official sources said today.

Under the memorandum, based on a 1984 China-Australia Air Services Agreement, scheduled flights from each side of the two countries will be increased from once a week to nine times a week immediately and to 13 times by 1998.

The number of airlines flying the China-Australia route will be increased from two to six in the next few years.

Australian Minister for Transport and Regional Development John Sharp said Brisbane and Perth in Australia and Shanghai and Shenzhen in China would be added as new destinations to Australian and Chinese airlines.

This will bring the maximum carriage quota of each side to 1,800 passengers every week in direct flights between the two countries. By 1998, the quota will be increased to 2,600 a week.

In a media statement released today, Sharp said the updated agreement was a breakthrough in aviation links between the two countries.

It was also the first important economic cooperation agreement signed between China and the newly elected coalition government of Australia.

"China is already a substantial and growing aviation market for Australia and its potential is enormous. Obviously, the previous arrangements were totally inadequate to meet current and future demand and it was essential that they be expanded," Sharp said in the statement.

Before the agreement was signed, many business travelers had to travel indirectly between China and Australia via Hong Kong, Singapore and Japan, which was both costly and inconvenient.

Air China, the flag carrier of China, and its Australian counterpart Qantas, are flying the only route linking Beijing, Guangzhou, Melbourne and Sydney.

Other Chinese airlines, such as China South and China Eastern as well as Ansett of Australia, are considering the possibility to serve the route.

"This expansion in aviation rights restores a strong aviation relationship, and is a major step forward in our efforts to develop the full potential of our wider relationship with the People's Republic of China, one of the fastest growing economies in the Asian region," Sharp said.

The agreement was signed by the Civil Aviation General Administration of China, the Chinese authority in charge of air services, and the Australian Ministry for Transport and Regional Development.

Near East & South Asia

PRC: Qian Qichen Meets With Mauritanian Foreign Minister

*OW2703152496 Beijing XINHUA in English
-1500 GMT 27 Mar 96*

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Chinese Foreign Minister Qian Qichen tonight held talks in Beijing with his Mauritanian counterpart Cheikh Ahmed.

The two foreign ministers reached an extensive consensus on issues of bilateral ties, as well as international and regional issues of common concern.

On bilateral relations, Qian said that Sino-Mauritanian friendly ties have stood the test of time since the two countries established diplomatic links more than 30 years ago.

Whatever changes in the international situation, the two governments and peoples have all along trusted and supported each other, Qian said.

Describing Mauritania-China friendly cooperation as "fruitful" and a "model" of South-South collaboration, Ahmed thanked China for its support and aid to Mauritania.

Qian pointed out that there is only one China in the world, and Taiwan is an inalienable part of China. Some people in Taiwan are engaged in "Taiwan independence" activities, and some foreign forces are also intervening in the Taiwan issue, to which China is firmly opposed, Qian told Ahmed.

Ahmed reaffirmed that his country would adhere to "one China" policy, for which Qian expressed his appreciation.

Touching on human right issues, both foreign ministers held that the priority in human rights are rights to subsistence and development. They also voiced objection to the use of human rights issues by some states to interfere with the internal affairs of other countries.

Ahmed stated that the Mauritanian government supported China on issues of human rights, for which Qian expressed his thanks.

The foreign ministers attended a signing ceremony for an agreement on economic and technological cooperation between the Chinese and Mauritanian governments.

Ahmed arrived today on a visit to China as guest of Qian.

PRC: Liu Zhongli Visits Israeli Prime Minister

*OW2803104496 Beijing XINHUA Domestic Service
in Chinese 0155 GMT 26 Mar 96*

[By reporter Huai Chengbo (2037 2052 3134)]

[FBIS Translated Text] Jerusalem, 25 Mar (XINHUA) — Israeli Prime Minister Peres met here today with Chinese Finance Minister Liu Zhongli and expressed his hope to further develop friendly and cooperative ties between Israel and China.

Peres expressed his admiration and appreciation for China's achievements in reform, opening up, and economic development in recent years. He also expressed his satisfaction with economic and trade cooperation between the two countries.

Liu Zhongli arrived in Israel on 24 March for a visit at the invitation of Israeli Finance Minister Avraham Shochat.

Sub-Saharan Africa

PRC: South African Minister Comments on Taiwan Policy

OW2603105996 Hong Kong AFP in English
1043 GMT 26 Mar 96

[By Gilles Campion]

[FBIS Transcribed Text] Beijing, March 26 (AFP) — In a blow to Taiwan that fell just three days after its ally's presidential elections, South Africa signalled Tuesday [26 March] its intent to open diplomatic relations with Beijing, Taipei's rival.

Foreign Minister Alfred Nzo made the comments at the end of a 48-hour trip to Beijing, the first by a South African foreign minister.

He made no reference to any change of plans for Pretoria's relations with Taipei. A Taiwanese official in Taipei said South Africa sought "official relations" with China but would retain "diplomatic ties" with Taiwan, an idea that was immediately scotched by a Chinese spokesman.

"There are relations of long standing," Nzo told journalists. "All that needs to be done in the near future is the establishment of — hopefully — diplomatic relations."

"After reporting to the president (Nelson Mandela), an announcement will be made," he said.

Nzo met President Jiang Zemin, Premier Li Peng, Foreign Minister Qian Qichen and Foreign Trade Minister Wu Yi. He said all the meetings were "very cordial, very nice," but refused to give details.

In Taipei, a Taiwanese Foreign Ministry official said the government had no knowledge of any change of diplomatic relations by South Africa.

"Our understanding is that Pretoria would like to develop official relations with China, but not at the expense of sacrificing its diplomatic ties with the Republic of China," said Director Chin-tien Yang of the African Affairs Department.

An official at the South African embassy in Taipei told AFP that Taiwan should not worry.

"President Nelson Mandela has always insisted that Pretoria would maintain official ties with Taiwan even if it establishes formal relations with Beijing," he said.

But Chinese foreign ministry spokesman Shen Guofang made it clear China would not tolerate any ambiguity by Pretoria.

"South Africa must first sever so-called diplomatic relations with Taiwan before establishing diplomatic relations with China," he told journalists.

Nzo denied there was any link between his visit and Taiwan's presidential election at the weekend, won by Li Teng-hui. He said it was "just coincidental" and added that it had not been discussed with Chinese leaders.

The South African minister added that he had not asked his counterpart, Qian, to visit South Africa.

Taipei and Beijing have been locked in a fierce struggle for international recognition since the end of the 1949 Chinese civil war, when the defeated Nationalists fled to Taiwan and set up the Republic of China, a rival to the victorious Communists' regime, the People's Republic of China.

South Africa is the largest of 31 states that recognise Taiwan. The others are small states in Africa, the South Pacific and Latin America, many of which are reputedly offered Taiwanese financial, agricultural or educational help.

Ironically, Nzo's comments coincided with a feisty statement to the Taiwanese parliament by premier and vice president-elect Lien Chan, who pledged to expand Taiwan's defense forces and the island's role on the world stage.

Taiwan "will actively seek to expand its relations with other countries and increase its international room for survival," said Lien.

Previous moves by Taiwan to raise its international profile have infuriated Beijing, helping to trigger a series of Chinese war games off Taiwanese territory.

Lien was running mate to Li Teng-hui in Taiwan's presidential polls last Saturday.

Their landslide victory was seen in some quarters in Taipei as a gain for Taiwan in its war of nerves with China, and also as an endorsement for Lee's foreign policy.

Nzo was to return to South Africa on Tuesday after making a stopover in Singapore.

Taiwan is a major, long-standing investor in South Africa and has promised to provide economic aid to the post-apartheid government.

Bilateral trade between Taiwan and South Africa is around two billion US dollars a year, compared with 1.32 billion in trade between China and South Africa.

Mandela's links to China date back to the pre-apartheid era, when the African National Congress (ANC) was unstintingly supported by Beijing in its struggle against white-minority rule.

Leslie Labuschagne, director of the South African Centre for Chinese Studies, which represents South African interests in China, said Beijing had already invested around 50 million dollars in South Africa and was planning to invest 40 million more in a major chrome mining project.

Latin America & Caribbean

PRC: State Councillor Luo Gan Concludes Visit to Ecuador

OW2803033096 Beijing XINHUA in English
0226 GMT 28 Mar 96

[FBIS Transcribed Text] Quito, March 27 (XINHUA) — Luo Gan, State Councillor and secretary general of the Chinese State Council, left Quito today for Peru after concluding an official 3-day visit to Ecuador.

During his stay in Ecuador, Luo Gan exchanged views with Ecuadoran President Sixto Duran Ballen on bilateral ties and economic cooperation between their two countries.

Luo Gan expressed his satisfaction with the good relations that have existed between their two countries since diplomatic ties were established 16 years ago.

The Chinese State Councillor expressed his appreciation that the Ecuadoran government continues to uphold the position that "there is only one China" and does not have official contacts with the authorities of Taiwan.

Luo Gan also held talks with Ecuadoran Foreign Minister Gale Leoro Franco on accelerating the development of bilateral ties and cooperation.

The Ecuadoran foreign minister said the development of ties with China is very important to Ecuador and that the prospects of relations of cooperation between the two countries are very good.

Luo Gan expressed his confidence that economic, trade and technical cooperation will increase between their two countries.

Ecuador is the second stop of Luo Gan's tour of 4 Latin American countries which also includes Venezuela, Peru and Brazil.

PRC: Panama, China To Exchange Trade Offices

OW2803042196 Beijing XINHUA in English
0317 GMT 28 Mar 96

[FBIS Transcribed Text] Panama City, March 27 (XINHUA) — Panamanian President Ernesto Perez Balladares confirmed today that China will set up a trade office in his country.

Panama will also establish a trade office "very soon" in Beijing or another city in China, "but not a diplomatic one," said Perez.

According to government sources, representatives of the Chinese-Panamanian trade development office arrived here on March 5 to set up the trade office.

Political & Social

Taiwan: Cadres Divided on Next Policy Move Towards Taiwan

HK2803063396 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 10

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] The central leadership has been receiving conflicting advice from different regions and think-tanks on the next step to take towards Taiwan.

Chinese sources yesterday said cadres in provinces and autonomous regions with large ethnic minority populations have urged the Politburo to take a tough line on the so-called pro-independence administration of Taiwan President Lee Teng-hui.

In submissions to President Jiang Zemin and other top leaders, cadres in Tibet, Xinjiang and Inner Mongolia pointed out that if Beijing were seen to be "soft" towards Taipei, ethnic minorities in these areas might strengthen their "splittist" activities.

Such cadres said they would be ready to support a "quasi-military approach" to speed up unification.

However, officials in the "Gold Coast", including the provinces of Fujian, Guangdong and Zhejiang, have continued to urge caution.

In private discussions and submissions to Beijing, such officials have subtly warned of the dangers of war preparations against Taiwan. "Opposition to a military solution is widespread in the coastal provinces and even county level cadres have expressed this view," said a Fujian province cadre.

He said coastal officials would fight any foreigners who might intervene in the Taiwan issue, but not Taiwanese.

However, People's Liberation Army officers have upheld a hawkish line.

An army source said the PLA was largely satisfied with the results of last weekend's Taiwan presidential election.

Internal army documents said the lowering of the vote share of the pro-independence Democratic Progressive Party was proof of the efficacy of the missile diplomacy. The generals have also indicated their readiness to thwart a possible "armed intervention" in Taiwan affairs by the United States.

However, the source said a PLA-related think-tank had recently finished a study on the consequences of military conflict with Washington's forces.

The study warned that given the superiority of American weaponry, China risked having its newly developed military facilities badly damaged in case of war.

Diplomatic analysts pointed out that in spite of the temporary softening of Beijing's tone on Taiwan, army strongman General Zhang Wannian retained a big say on reunification matters.

PRC: Ambassador to UK Defends Policy Towards Taiwan

MS2803094696 London THE TIMES in English 28 Mar 96 p 21

[Letter from Jiang Enzhu, Chinese Ambassador in London, Embassy of the People's Republic of China: "China and Taiwan"]

[FBIS Transcribed Text] Sir, I was shocked by the leading articles on the Taiwan question in your paper (March 12 and 19). Taiwan has been an inalienable part of China since ancient times, and the Taiwan question is entirely China's internal affair. This is a fact recognised by the international community.

Since the People's Republic of China was founded, most countries in the world, including the United States, have recognised the Government of the People's Republic of China as the sole legal government of China and Taiwan as a part of China.

Nothing but the claim that denies this fact is "dangerous nonsense" as you argue, and the Taiwan question brooks no foreign interference, in whatever form or under whatever pretext. It is the sacred right of each and every sovereign state and a fundamental principle of international law to safeguard national unity and territorial integrity.

The recent tension in the Taiwan Strait was entirely a result of the Taiwan authorities' advocating "Taiwan's independence" and their intensified efforts in creating "one China one Taiwan" or "two Chinas". The United States shoulders unshirkable responsibility for this as well. It is the US rather than China that has violated the three Sino-US joint communiques.

The wrong decisions of the United States to sell arms to Taiwan and permit Lee Teng-hui [Li Teng-hui] to visit the United States encouraged the pro-independence forces in Taiwan to go further, thus creating new serious obstacles to the settlement of the Taiwan question and the development of Sino-US relations.

The Chinese Government stands for, and has been working persistently for, a peaceful reunification of China based on the formula of one country, two systems. China's policy of not renouncing the use of force is

not directed against the Taiwan compatriots, but against foreign forces interfering in China's reunification and attempts in Taiwan seeking independence.

Peaceful reunification is the common aspiration of all the Chinese people. The Chinese Government and people will never permit the separation of Taiwan from China.

PRC: 'Low-Key Official' Tapped for Promotion to Senior Rank

HK2803064396 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 12

[By Xiao Yu]

[PTS Transcribed Text for FBIS] Wen Jiabao a Communist Party's Politburo Secretariat member has been tipped for promotion to a senior rank in the State Council.

Mr Wen has accompanied Vice Premier Jiang Chunyun to important meetings of the State Council.

At the meetings, Mr Wen presented his own opinions on how to streamline the flow of agricultural production information and ways to alleviate the farmers' financial burden.

A low-profile official, Mr Wen seldom appears in public. But his recent appearances at State Council meetings is considered unusual.

He was nominated to be an alternative member at the party's Central Committee Secretariat in 1987 at the 13th National Party Congress and was promoted to be a secretariat member and an alternative member of the Politburo in 1992.

Mr Wen has held his position despite accompanying former party chief Zhao Ziyang to Tiananmen Square to express their sympathy to the protesting students and workers in 1989. Mr Zhao was ousted after the June 4 incident and replaced by Jiang Zemin.

Analysts said the change of party leadership did not have a negative effect on Mr Wen and he continued to maintain practical and substantial control on important Politburo issues.

Mr Jiang's reliance on him was obvious as the party chief always took Mr Wen with him when he travelled across China, they said.

Sources close to Mr Wen said he was a serious and analytical person, with strong capability in macro-thinking.

Mr Wen attended the Beijing Geological Institute and has worked at Gansu's geological bureau.

He said: "We have to rely on our farmers to solve the agricultural problems." "We have to depend on the constructive efforts contributed by the farmers."

PRC: Editorial Hails Amendments to Criminal Procedure Law

HK2803090796 Hong Kong WEN WEI PO in Chinese 22 Mar 96 p A2

[Editorial: "'Two Laws' Protect Citizens' Legitimate Rights"]

[PTS Translated Text for FBIS] The Fourth Session of the Eighth National People's Congress passed the "Amendments to the PRC Criminal Procedure Law" and the PRC Administrative Punishment Law." This is a major reform in China's judicial system that will help protect citizens' legitimate rights, marking a greater step forward in China's democratic legal system.

Running a country in accordance with the law and building a socialist democratic and legally-based country is an important guiding principle for China's modernization. China's state leaders have always stressed that leading cadres at all levels and CPC members should consciously abide by and safeguard the constitution and the law and should act in strict accordance with them. The amendments and adoption of the "two laws" embody the policy and principle mentioned above.

The "two laws" are not minor revisions or formulation of individual statutes but mark major breakthroughs in China's judicial reform.

The "two laws" highlight the protection of citizens' legitimate rights. For instance, the "Amendments to the Criminal Procedure Law" abolishes the police's power of "custody-for-investigation." "Custody-for-investigation" is an administrative coercive measure that is determined by the police. It plays an active role in investigating criminals, particularly those who are on the run and unidentified. When exercising this power, police are not subject to other judicial organs' supervision. Hence, the scope of custody is too wide, while detention for investigation is too long, making it likely to infringe the detainees' rights. Abolishing police's power of custody-for-investigation will help protect citizens' legitimate rights. Meanwhile, to crack down on criminals, the Amendments also provide that police shall have the power to detain proven criminals who refuse to give their real name, and that their detention period shall be extended from 10 to 30 days. Clearly, compared with custody, the scope of detention is narrower so as to prevent police from infringing civil rights by resorting at every turn to the means of custody for investigation.

To meet the needs of social development, the Amendments set higher requirements on public security, procuratorial, courts, and judiciary departments. For instance, police are not allowed to arbitrarily detain and interrogate a suspect unless evidence is produced, thus setting a higher requirement on the police's criminal investigation and cracking of cases. In addition, the Amendments also state the principle of assuming the innocence of defendants until found guilty by a court and call for the need to perfect court proceedings. To give play to their role, accusers and defendants are allowed to produce evidence and debate in court. Both public prosecutors and counsels will also be given full play in their role in the court proceedings. Defendants are allowed access to lawyers after their cases are referred to the procuratorate for review. All these set higher requirements on the judiciary. The Amendments also require that the trial shall be open, and that whether the trial and the judgment are fair is subject to public supervision. Compared with the past practice of passing a verdict before the trial, the current system can avoid preconceived ideas on cases that affect judges' objectivity and impartiality or the turning of the trial into a mere formality. By setting higher requirements on public security and judicial departments, the Amendments guarantee the principle of "accurately and promptly finding out the facts and correctly applying the law to punish the criminals," while effectively protecting citizens' rights in judicial proceedings.

The adoption of the "Administrative Punishment Law" is also the implementation of the principle of ruling a country in accordance with the law. The majority of Chinese laws are enacted and implemented by state administrative organs. However, the scope of state administrative organs' punishment is too wide and lacks unified standards and effective supervision. As a result, instead of performing official duties in accordance with the law, some state administrative personnel arbitrarily drew up punishment stipulations. This not only harassed the people, but also turned administrative punishment in certain places into a hotbed of power corruption. The lack of supervision over administrative punishment resulted in widespread power corruption which disrupted socialist market economic order and violated the legitimate rights and interests of citizens and corporations. Hence, legislation on standardizing administrative punishment will not only protect the rights and interests of citizens, but will also standardize and strengthen administrative authorities' functions, thus making great advances in the building of China's democracy and legal system.

Some public opinion from abroad called the "two laws" a product of the western human rights pressures. This argument is like putting the cart before the horse. The revisions and adoption of the "two laws" demonstrate

the self-perfection of a socialist system. It is 16 years since the enactment of the "Criminal Procedure Law" in 1979. Thus, some of its stipulations are not compatible with social development, and revisions are inevitable. Given that China's administrative management structure has been constantly overhauled, it is also necessary to enact laws standardizing administrative punishment. As regards the question of human rights, China has always paid attention to legislation on protecting the legitimate rights and interests of citizens. The "Criminal Procedure Law" and the "Administrative Punishment" are two of the many important Chinese laws that protect citizens' rights and interests. In addition, the "Criminal Procedure Law" also differs from the Western law in certain areas. For instance, China's collegiate system is different from the U.S. jury system. A collegial panel is composed of assessors and a judge, making the judgment fairer. Under the Western jury system, however, the jury decides whether the defendants are guilty, and, without consulting legal experts, the chief judge is liable to pronounce biased verdicts. In view of this, the "two laws" and many other laws that protect civil rights are the result of China's constant perfection of democracy and the legal system in line with social development and actual needs. It is an irrefutable fact that compared with certain countries (such as the United States), China's citizens enjoy more practical and extensive rights and interests in accordance with the law.

PRC: National Meeting on Organizational Research Ends in Wuhan

OW2203023596 Beijing XINHUA Domestic Service
in Chinese 0236 GMT 20 Mar 96

[FBIS Translated Text] Wuhan, 20 Mar (X9NHUA) — A national conference of research office directors under the organization departments of provincial, autonomous regional, and municipal party committees, which concluded recently in Hubei Province's Wuhan City, proposed: The organization departments of party committees at various levels should effectively step up their investigation and research on the ideological and political quality of leading party and government cadres and propose measures for the ideological and political education of those cadres with a definite object in mind; meanwhile, they should do research on how to comprehensively and accurately evaluate leading cadres' ideological and political quality in new historical conditions and come up with ideas for improving that quality.

The conference, sponsored by the Organization Department of the CPC Central Committee, summed up the 1995 work of organization departments in investigation, research, and propaganda; exchanged experiences; and commended those who had achieved outstanding results

in investigation and research. It also discussed and made arrangements for the work of investigation, research, and propaganda in 1996 according to the requirements for implementing the guidelines laid down at the Fifth Plenary Session of the party's 14th Central Committee and the tasks set by a national forum on organizational work.

The conference proposed: Organization departments should do a particularly good job of investigating and research on the ideological and political quality of leading party and government cadres, management and supervision of them, and building leading bodies in enterprises; they should do a better job of publicizing organizational work through mass media, especially by giving continued, increased publicity to Kong Fansen and other models. They should successfully organize the publicity campaign for the 75th anniversary of the CPC's founding and the party-building publicity tour of basic-level units. It is necessary to make efforts to come up with a number of good investigation and research reports, sum up typical experiences, make good speeches, and write good articles.

The conference pointed out: The stress of economic restructuring is on reform of state enterprises this year. Organization departments at various levels should center their work of investigation and research on such questions as how to further strengthen the building of state enterprises' leading bodies and how to effectively strengthen management and supervision of enterprise leaders; they should vigorously explore ways and methods for party organizations in state enterprises to play their role as the political core. At the same time, they should follow up the investigation and summing up of experiments on the performance assessment of county (city) party committees' and county governments' leading bodies in order to promote reform of the cadre system. They should try to find and sum up new ways and new methods to enable more and more talents to come to the fore. They should attach importance to researching and exploring ways and methods for party committees in government organizations to supervise leading cadres.

The conference stressed: According to current conditions in organizational work, it is necessary to publicize the party's line, principles, and policies; to give people clear-cut guidance on that that generally concerns people; and to criticize and rectify what is wrong. We should persistently continue giving extensive publicity to and learning from Comrade Kong Fansen and link such learning with strengthening the ideological and political building of leading bodies and the cadre ranks, with remolding the world outlook of leading cadres and party members, with strengthening their tempering in

party spirit, and with improving their work style; and substantial results should be achieved continuously in these matters. Efforts should be made to sum up and publicize models and good experiences in party building at the basic level and to conduct party-building publicity tours of basic-level units. Keeping in mind the actual conditions in building enterprise leading bodies, it is essential to publicize socialist entrepreneur Ma En-hua's advanced deeds vigorously.

PRC: Ministry Announces Enactment of Law on Electric Power

*OW2803081096 Beijing XINHUA in English
0702 GMT 28 Mar 96*

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — The "Law of Electric Power of the People's Republic of China," the first of its kind in the country, will be put into effect starting from April 1, the Ministry of the Power Industry announced here today.

The law, consisting of ten chapters and 75 articles, was approved by the Standing Committee of the National People's Congress.

Zhao Xizheng, vice-minister of the power industry, said that the promulgation of the law has affirmed and consolidated the achievements of the reform of the power system in China, standardized the functions and operations of governments at various levels, set criteria for power-supplied enterprises and customers, and provided the basis of law for solving power disputes. It also has set higher standards for power industry enterprises.

The law includes such basic principles as protecting and promoting power development, upholding the legal interests of power investors, managers and consumers, and encouraging investment in power development.

The law also has stipulated the main issues concerning power development.

PRC: State Council Presents International News Coverage Awards

*OW2703145396 Beijing XINHUA in English
1431 GMT 27 Mar 96*

[FBIS Transcribed Text] Shanghai, March 27 (XINHUA) — Three news items today received awards from the Information Office of the State Council in the first China International News Prize Contest.

The three first-grade awards went to the PEOPLE'S DAILY [RENMIN RIBAO], XINHUA News Agency and China Central Television Station. The winners produced good reports on China's role in world peace.

high-level automobile talks between the United States and Japan, and the Bosnian war.

58 other news items were given second or third-grade awards.

The contest is aimed at encouraging an enterprising spirit among journalists covering international news, and at the same time publicizing China's independent foreign policy of peace, said Zeng Jianhui, director of the Information Office.

More than 300 news items from 51 news institutions across the country competed for the awards.

PRC: Survey of Urban Attitudes Toward Foreigners

*HK2803050896 Beijing BEIJING WANBAO
in Chinese 14 Mar 96 p 4*

[Article by Liu Xiayang (0491 1115 7122), deputy director of the Public Opinion Research Institute of Chinese People's University: "Social and Psychological Distance Between Beijing, Shanghai, and Guangzhou Residents and Americans, Japanese, and Germans"]

[PTS Translated Text for FBIS] Geographical differences usually result in cultural differences. The difference in social understanding between people, especially between nations or countries, causes mutual social and psychological discrepancies. A sample survey of international awareness of urban Chinese residents conducted by the Public Opinion Research Institute of Chinese People's University in Beijing, Shanghai, and Guangzhou shows that as China has stepped up reform and opened wider to the outside world, and with increased exchanges between China and other countries, the social and psychological distance between the Chinese public [wo guo gong zhong 2053 0948 0361 5883] and people from the developed countries of the United States, Japan, and Germany is shortening.

The internationally-accepted Bogdas (social distance) table adopted in the survey indicates that psychologically, people in Beijing, Shanghai, and Guangzhou are of high international compatibility and can accept foreigners to varying degrees. Of the nearly 1,000 people surveyed, 68.5 percent said that they would allow and welcome Americans, Japanese, and Germans to visit and go sightseeing in China; 35.4 percent indicated that they are ready to be and make friends with these foreigners; and 22.4 percent said that they are willing to work with these foreigners in the same workplace or become their colleagues. Around 20 percent of those indicated that they would not accept Americans, Japanese, or Germans. Specifically, 19.3 percent said they do not want to be neighbors to these foreigners and 17.9 percent

said they oppose accepting them as Chinese citizens. On forging a lawful blood relationship, i.e., establishing marriage-based family relations, the majority either abstained from answering or said no. Only 10.7 percent said that they approve of "themselves or their families becoming relatives through marrying Americans, Japanese, or Germans." In contrast, only a small number (5.9 percent) of people made it clear that they are "unwilling to get in touch with and make exchanges with these foreigners in any form."

Judging from the exchanges between the people polled in the three big cities and Americans, Japanese, and Germans and their attitudes on such exchanges, urban Chinese are willing to make contacts and exchanges with these foreigners in many aspects and from various angles. However, social understanding of and the yardstick for these contacts and exchanges seem to be different from those in the West. Westerners normally take the degree of intimacy between those accepted and the individual as a reference, and turn the social distance between races or ethnic groups into the many strata for marrying foreigners, making friends with them, becoming their neighbors or colleagues, accepting them as "citizens," permitting foreigners to visit their countries or go sightseeing in their countries, and refusing contacts or exchanges with foreigners in any form. This survey proves that urban Chinese not only attach great importance to marriage-based "small family" relations, but also hold a cautious attitude on resident-based "large family" relations and neighborly relations forged on the basis of compounds and apartment buildings. In the order of the actual social and psychological distance-acceptance ratio, the compatibility of urban Chinese people with Americans, Japanese, and Germans shows a horn-shaped [la ba xing zhuang 0812 0665 1748 3692] progressive trend in marrying foreigners, accepting them as "citizens," becoming their neighbors or colleagues, making friends with them, and permitting foreigners to visit or go sightseeing in China. Moreover, the degree of urban Chinese people's acceptance of Americans, Japanese, and Germans varies. On the whole, the social and psychological distance between urban Chinese and Americans is the shortest, followed by Germans and Japanese. The corresponding curve of the acceptance ratio of "marrying foreigners, accepting them as "citizens," becoming their neighbors, becoming their colleagues, making friends with them, and permitting foreigners to visit or go sightseeing in China" are: [Americans:] 15.8 percent - 19.3 percent - 20.5 percent - 24.2 percent - 41.5 percent - 69.1 percent; [Germans:] 8.5 percent - 17.9 percent - 18.8 percent - 22.8 percent - 33.2 percent - 69.7 percent; [and Japanese:] 7.8 percent - 16.6 percent - 18.5 percent - 20.1 percent - 31.5 percent - 66.8 percent.

Judging from the attitudes of urban residents represented by those surveyed, discrepancies and changes in geographical location, culture, and even social understanding are reflected, more or less, in the international awareness of people in the three big cities. Residents of Guangzhou, the largest open city and most prosperous commercial center in the coastal region of southern China, show a substantially higher degree of accepting Americans, Japanese, and Germans than people in Shanghai, the most developed city and the leading manufacturing and financial center in China, and people in Beijing, China's political and cultural center. As far as "marrying foreigners," the most important indicator for social and psychological distance, is concerned, those approving of themselves or their relatives becoming relatives with Americans through marriage accounted for 25.1 percent of the people polled in Guangzhou. By contrast, the ratio of Beijing and Shanghai residents holding the same attitude to the total populations of the two cities was 10.4 and 13.1 percent, respectively, 14.7 and 13.1 percentage points lower than the respective ratios in Guangzhou. Those approving of themselves or their families becoming relatives with Japanese through marriage and those approving of themselves or their families becoming relatives with Germans through marriage accounted for 12.2 percent and 11.2 percent, respectively, of the people surveyed in Guangzhou. By contract, people in Shanghai and Beijing holding the same attitude accounted for 7.9 percent and 8.3 percent of Beijing's population and 3.5 percent and 6.2 percent of Shanghai's population. Relevant analyses have proven that the social and psychological distance on the part of people in the three big cities concerning Americans, Japanese, and Germans is not unrelated to the frequency of contact they have with such foreigners and to their impressions of such foreigners. For instance, of all the people polled, the interviewees themselves who had gone abroad or interviewees who had family or relatives who had gone abroad over the past five years accounted for 32.1 percent of people in Guangzhou, 29.9 percent of people in Shanghai, and 24.7 percent of people in Beijing. This shows a certain positive correlation between the frequency of contact and the social and psychological distance. As far as social impressions are concerned, 10.1 percent and 79.8 percent of people in Guangzhou consider Americans "very friendly" and "fairly friendly," respectively, as did 10 percent and 77 percent of people in Shanghai, and 4.9 percent and 75.5 percent of people in Beijing; 9.4 percent and 71.4 percent of Guangzhou residents regarded Japanese as "very friendly" and "relatively friendly," respectively, as did 5.5 percent and 68.7 percent of people in Shanghai, and 4.9 percent and 66.8 percent of people in Beijing; and 9.4 percent and 86.4 percent of people in Guangzhou considered Ger-

mans "very friendly" and "fairly friendly," respectively, as did 5.5 percent and 68.7 percent of people in Shanghai, and 4.9 percent and 66.8 percent of people in Beijing. By comparison, the residents of the three big cities have a worse social impression of Japanese than Germans and Americans. We can say that this is a major factor causing further social and psychological distance between people in the three big cities and the Japanese.

Furthermore, analyses of the age, sex, educational level, living standards, and personality of those polled and other related indexes indicate: 1) Of the people in the three big cities, the younger are closer to Americans, Japanese, and Germans in terms of social and psychological distance, and the better educated have a lower ratio of rejecting such foreigners. 2) 12.6 percent, 10.6 percent and 8.8 percent of males approved of themselves or their families marrying Americans, Japanese, and Germans to forge relative relations, as did 19.1 percent, 5 percent, and 8.3 percent of females. Viewed from the two groups of figures, it is easy to conclude that males showed a stronger psychological inclination toward "becoming relatives with Japanese through marriage" than females, whereas females showed a stronger psychological inclination toward "becoming relatives with Americans through marriage" than males. Yet on the question of "becoming relatives with Germans through marriage," there is no marked difference between males and females in terms of psychological inclination. 3) Of the people with a living standard falling into categories of upper-middle, middle, lower-middle, and low, people with a higher living standard have a higher acceptance rate than those with a lower living standard in terms of accepting Americans, Japanese, and Germans. From this we can see that it is not out of the psychology of "the poor want to forge deeper relations with the rich" that urban Chinese people wish to make extensive contacts with the people in developed countries. 4) In terms of average indexes, more people in the three big cities now hold a better view of Americans, Japanese, and Germans than before. With regard to changes in attitudes toward Germans, more hold a better view than before; in terms of attitudes toward Japanese, the number of people is much the same as before; and with regard to attitudes toward Americans, the people have shown a tendency toward holding a better view than before.

The changes in these indexes and the indexes that signify accumulation and growth, such as age, level of education, and living standard, demonstrate that Chinese people have shown a tendency toward a decrease in the extent of their rejection of people from major developed countries.

Military & Public Security

PRC: People's Armed Forces Returned to PLA Again

*HK2703080796 Hong Kong MING PAO in Chinese
20 Mar 96 p C2*

[Report by special correspondent Ting Yi (0002 6654): "People's Armed Forces Establishment Reportedly Returned to People's Liberation Army"]

[PTS Translated Text for FBIS] According to an informed source, the CPC Central Committee, State Council, and Central Military Commission [CMC] recently issued a directive and decided to return the establishment of the county and city level people's armed forces [renmin wuzhuang bu] to the People's Liberation Army [PLA]. In addition, the PLA will resume the military rank system for nonmilitary officers. According to an authoritative figure, this move constitutes a major change in Deng Xiaoping's military strategy since Jiang Zemin assumed military power.

A Chinese military analyst believes that it is a major Beijing policy decision for the CMC to reestablish the local people's armed forces after a period of 11 years. Although the move has nothing to do with the current Taiwan Strait crisis, it fully shows the great difference between the third generation of CPC leadership with Jiang

Zemin as the core and the period when Deng Xiaoping was in power in terms of strategic judgment of the international economic, political, and military situation. While promoting economic construction and social progress, China will again focus attention on building the country's national defense system.

The people's armed forces are the working organs under the CPC responsible for local people's arms. The second "Conscription Law" promulgated by China in 1984 clearly stipulated the organizations and tasks of the people's armed forces: Under leadership of the higher level military organs and people's government at the same level, the people's armed force departments in all counties, autonomous counties, prefectural cities, and city districts are responsible for handling conscription work in their respective localities.

At the enlarged CMC meeting held on 4 June 1985, Deng Xiaoping announced on behalf of the Chinese Government the cutting of 1 million soldiers. To streamline the establishment, the county and city level people's armed forces were all placed under local establishment. According to a conservative estimate by relevant figures, the people's armed forces transferred accounted for around 30 percent of the 1 million demobilized soldiers.

In the document issued to the lower levels, the source said, the CPC Central Committee, State Council, and CMC reiterated the policy of dual leadership and once again bringing the people's armed forces under the Army establishment. The rules and regulations of the Army should be strictly followed in the building of the people's armed forces. The central authorities also urged the military regions to bring the work of the armed forces into line with their overall plan and strengthen macroscopic guidance. The provincial military districts and subdistricts should also regard the building of people's armed forces as the focus of their work and set targets and adopt measures for implementation.

When the county and city level people's armed forces were brought under local establishment in 1985, local resources were used for their expenses and establishment. In addition, there were no vacancies for over-aged people's armed force officials. This exposed a problem, that the local government is incapable of exercising management over the people's armed forces. For this reason, management over the people's armed forces at the county and city levels was rather confused, resulting in low morale among officials and unstable ranks. Therefore, the CPC Central Committee, State Council, and CMC issued the directive: The main task at present is to strictly enforce discipline, strengthen management, screen and exercise management over the expenditures, materials, facilities, and equipment of the people's armed forces, and ensure that the formalities are complete for assets and accounts. The most urgent task at present is to screen the spending of the people's armed forces, help them take stock and set up accounts, and manage their debts. The CPC Central Committee also urged the local organizations and people's government to strengthen leadership over the people's armed forces and support their work.

Other news has disclosed that the CMC is considering conferring military titles on nonmilitary personnel in the Army. Military figures have welcomed the move and as conducive to maintaining stability of the ranks of nonmilitary officers. According to military figures, when the Army introduced reform of the military ranks in 1991, Yang Baibing, who was then director of the General Political Department, proposed that no military titles be conferred on nonmilitary personnel, which Deng Xiaoping approved. As a result, large numbers of nonmilitary personnel (mainly hospital and art troupe staff) still nurse grievances over Yang Baibing today.

**PRC: Commentator on More Effectively
Conducting 4 Educations***HK2803023696 Beijing JIEFANGJUN BAO
in Chinese 27 Feb 96 p 1*

[Commentator's article: "Matter of Great Importance to Units' Political Building — First Comment on More Thoroughly and More Effectively Conducting the Four Educations"]

[PTS Translated Text for FBIS] Over the past year or so since Central Military Commission [CMC] Chairman Jiang Zemin issued a call for conducting the following four educations, education on patriotic devotion, education on a revolutionary outlook on life, education on respect for officers and love for soldiers, and education on hard struggle and plain living, the Army's party committees and leaders at all levels have attached great importance to the four educations; adhered to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a guide; taken the four educations as a central link in the units' ideological and political building; and achieved marked results in this connection. Recently, Chairman Jiang again stated: To step up political building, it is imperative to continually and successfully carry out the four educations in a more thorough and effective way year in and year out. In the future, our task is to take "more thorough and more effective" as a guiding ideology and continue to take conducting the four educations as a matter of great importance to political building in the units.

Thoroughly conducting the four educations is a natural demand of political building. Chairman Jiang has time and again stressed the need to emphasize politics and heighten political consciousness. Whether politics is emphasized and whether political consciousness and political concepts are enhanced will have a direct bearing on the fate of our cause. Since the Army is a people's army led by the party and an important force that embodies the party's and state's political superiority, it occupies an important position and plays a special role in the life of the state. Therefore, it is all the more imperative for the Army to emphasize politics. To emphasize politics in ideological and political building, we should successfully carry out the four educations. The four educations are at once a natural demand and a basic guarantee of emphasizing politics. Only when all officers and soldiers truly cultivate a revolutionary outlook on life, carry forward the spirit of patriotic devotion, maintain the style of hard work and plain living, develop the fine tradition of unity between officers and soldiers, and ideologically and politically maintain a high degree of unity with the CPC Central Committee and the CMC with Comrade Jiang Zemin

as the core will the Army acquire a reliable guarantee. Therefore, conducting the four educations is by no means a routine job but a matter of great importance to political building and a fundamental task intended to maintain the quality of a people's army's and fulfill its sacred mission.

Thoroughly conducting the four educations is dictated by the protracted nature of the units' ideological and political building. The four educations have summarized content of the Army's ideological and political education in the new period, this being a fundamental task of the Army's ideological and political building. Practice has proven that successfully conducting the four educations is both necessary and highly conducive to tackling the Army's ideological and style problems, rectifying the Army's malpractices, and laying a solid ideological and political foundation for the Army in the new period. Under no circumstances should we slacken efforts in or deviate from these four basic educations. Reform, opening up, and socialist market economic development constitute a protracted historical process; this is the objective reality facing Army ideological and political building for a long time to come. Thus we should not just conduct one or two rounds of the four educations or conduct the four educations for just one or two years, and then think that the matter is settled once and for all. Nor should we become complacent with our existing achievements in this regard. Instead, we should set higher requirements in this connection, take the four educations as a long-term task of ideological and political building, and conduct the four educations year in and year out with a view to enhancing the Army's unifying force, mobilizing enthusiasm among the broad masses of officers and soldiers, and uniting the army as one in accomplishing all reform and construction tasks.

Party committees play a key role in thoroughly conducting the four educations. We often emphasize that party committees should discuss and grasp matters of great importance. The four educations are definitely a matter of great importance for the party committees to grasp. This year, the Army's political work will focus on two key aspects, namely, senior and intermediate-level officers education and management and grass-roots party branch building. To score success in these two aspects, we should first and foremost step up ideological building and energetically carry out the four educations in a down-to-earth manner. Whether the party committees and leaders at all levels attach great importance to and firmly grasp the four educations will definitely display their political sensitivity in this regard and show their standard and capability of taking the interests of the whole into account and guiding unit building as well. All political organs and propaganda departments are duty-

bound to successfully organize and guide the four educations. However, it is the party committees that will assume overall responsibilities for the four educations. As professional departments alone cannot ensure success in the four educations in all aspects, party committees should try to unify leadership over and organize relevant departments to carry out the four educations in a coordinated manner. In particular, political commissars and political department directors should regard the four educations as their important duty, personally take part in the four educations, and organize and conduct the four educations at the forefront.

PRC: Commentator on Linking to Reality in Solving Problems

*HK2803023996 Beijing JIEFANGJUN BAO
in Chinese 28 Feb 96 p 1*

[Commentator's article: "Work Hard at Linking to Actual Conditions in Resolving Problems — Second Comment on More Thoroughly and More Effectively Conducting the Four Educations"]

[PTS Translated Text for FBIS] The objective of conducting the four educations is to resolve outstanding problems in actual ideological problems of officers and men and in ideological style of units, and to augment political firmness as well as ideological and ethical purity. To weigh whether the education of a unit is in-depth and effective, it is primarily necessary to see whether the vast officers and men have improved their political and ideological consciousness, whether unhealthy tendencies of the unit have been corrected, and whether education has played a role in promoting the unit's overall construction. Therefore, in giving guidance on the four educations, we must implement the principle of making to actual conditions in resolving problems as a basic requirement from start to finish, and continue to guide the four educations to develop in-depth in the process of resolving one problem after another.

Because of differences in environment of various units and in the tasks they shoulder, it will be very difficult to unify things with one plan and one mode with regard to what actual conditions are to be linked to and what problems are to be resolved. This calls for us to understand and grasp Chairman Jiang's instruction on conducting the four educations in their entirety, proceed from the actual conditions of various units under the guidance of this general topic, and solve whatever problems exist, based on the requirements on the unit's overall construction. For example, with respect to units assigned the tasks of war preparations and duty, it is necessary to pay attention to stimulating the revolutionary heroism of officers and men, overcoming the decline

in alertness in peacetime, and establishing confidence in training and fighting based on existing equipment. Regarding units stationed in remote areas where conditions are arduous, it is necessary to guide officers and men to correctly view hardships and happiness, and bring forward the pioneering spirit of hard work and voluntary devotion. Units stationed in special economic zones and coastal open areas must cultivate lofty spiritual pursuits and healthy sentiments in life among cadres and soldiers to strengthen their immunity to resist the corrosive effects of decadent ideas and culture. Military institutes and academies as well as scientific research institutes must educate everyone to care little about personal fame and gain, love the work at their post, and devote themselves to national defense. What must be emphasized is that in resolving whatever problems, it is imperative to grasp the core, namely the establishment of a correct world outlook and outlook on life, and improve the ideological consciousness of cadres and soldiers. As soon as this core is grasped in the educations, the vast officers and men will be able to stand the test in all kinds of complicated environments, and correctly handle various contradictions and problems they face. To establish a correct world outlook and outlook on life, at present it is necessary to focus on resolving problems in two respects:

One is the imperative to oppose money worship. We must use both positive and negative facts to help officers and men acquire a clear picture of the essence of the mistake and serious danger of money worship. It is imperative to refute certain erroneous arguments on the matter of money, hold discussions concerning certain muddle-headed understandings, analyze some typical cases, and strengthen vigilance and immunity against the corrosive effects of money, while establishing a correct concept of money to see money correctly, earn it in the right way, and spend it properly.

The other issue is to magnify the concept of law and discipline. The law, regulations, and discipline are the life of the Army and the basic grounds for managing the Army and administering the soldiers as well as norms of behavior. If we fail to strengthen the sense of the law and discipline, then maintaining a high level of stability, centralization, and unity of the unit and improving its combat effectiveness would all come to naught; as for the individual, he would hardly avoid committing mistakes, and might even take the road of committing crimes. Therefore, in the course of conducting the four educations in depth, it is imperative to regard strengthening the sense of the law and discipline as an important content. This year, the state will implement the "three five" [san wu 0005 0063] plan for popularizing knowledge of the law; the

National People's Congress Standing Committee will deliberate and promulgate "Regulations on Penalizing Soldiers Violating Duty." We must make full use of this favorable opportunity to educate the Army with greater efforts in abiding to the law and discipline, and further shape a healthy atmosphere of obeying orders, paying attention to discipline, and observing rules and regulations throughout the Army.

PRC: Commentator on Augmenting Theoretical Indoctrination

*HK2803024396 Beijing JIEFANGJUN BAO
in Chinese 3 Mar 96 p 1*

[Commentator's article: "Strengthen Theoretical Indoctrination, Differentiate Right From Wrong on Basic Issues — Third Comment on More Thoroughly and More Effectively Conducting the Four Educations"]

[PTS Translated Text for FBIS] While attaching importance to resolving specific realistic ideological problems, it is imperative to continuously strengthen theoretical indoctrination to guide cadres and fighters, to differentiate right and wrong on basic issues, and elevate their ideological level; this is the key link in making the four educations greater in depth with greater effect.

Political firmness is derived from theoretical firmness. Ideological and ethical purity relies on the ability to tell right from wrong, good from evil, beauty from ugliness, and honor from humiliation. Facts have proved that without basic theoretical cultivation it is impossible to draw a demarcation line between right and wrong on certain basic issues, nor is it possible for units to score great results in ideological and political education; even if some results are scored, they can hardly be consolidated and developed. An important experience of various units in the four educations last year was precisely their attaching importance to grasping theoretical study and repudiating some erroneous arguments, thus promoting resolution of certain specific ideological problems while playing a marked role in augmenting the immunity of cadres and fighters from the corrosion of decadent ideas and culture. Of late, Chairman Jiang has repeatedly urged leading cadres at various levels to cut back unnecessary socializing and study more. More study will help improve one's ability to observe and analyze issues and to govern the overall situation; furthermore, it will make lofty one's ideological situation and pursuits in life. In grasping the four educations, various units must attach importance to improving symptoms as well as providing a radical cure, and organize cadres and fighters to study theoretical knowledge as much as possible, while doing their best to expound basic theory and differentiate right from wrong on basic issues to lay a solid ideological foundation in the units.

To augment theoretical indoctrination, it is imperative to set out different requirements, aiming at different objects and different tiers based on the major problems to be resolved in the four educations. Leading cadres at and above the regimental level are the pillar and backbone of army building; their education must be closely linked to theoretical study. When expounding on how to conduct the four educations in depth, Chairman Jiang explicitly set out the imperative of differentiating such basic issues as Marxism and anti-Marxism and indicated that only by making differentiations on these basic issues will it be possible for our comrades to maintain political firmness as well as ideological and ethical purity, to guarantee the perpetuation of the fine traditions and style of the party and army, and to guarantee that the whole party, whole Army, and people of the whole country will continue to seize new victories in unity in the cause of building socialism with Chinese characteristics. Differentiating right from wrong on these basic issues is the major problem that calls for resolution in augmenting the Army's ideological and political building as well as a new and higher requirement set on doing a good job of the four educations. Cadres at and above the regimental level must work hard to improve their ideological and theoretical level through differentiating right from wrong on these basic issues. The central groups and rotating theoretical study classes of party committees at all levels must work hard to differentiate right and wrong on these basic issues through studying Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and Comrade Jiang

Zemin's important discussions on strengthening the Army's ideological and political building.

In the four educations, grass-roots units must continue to organize cadres and soldiers to do a good job of studying the basic concepts of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; at the same time, they must pay attention to grasping indoctrination in the basic principles of conduct and behavior, and do a good job of resolving the questions "for whom does one become a soldier, and what are the ways to be a man"; it is necessary to fully take into consideration the soldiers' acceptability, while making the content, requirements, ways, and methods closely compatible with the actual conditions of officers and men, being good at making use of vivid stories, the advanced feats of heroes and models, as well as the persons and things close to the soldiers to make the lectures simple and easy to grasp and yet substantial, and the principles vivid and easy for the fighters to accept. The General Political Department has already printed and issued a "Reader on Theoretical Study for

Grass-Roots Officers," and is compiling a reader for privates; in addition, it is editing a selection of important discussions of Comrades Mao Zedong, Deng Xiaoping, and Jiang Zemin on patriotism, devotion, revolutionary outlook on life, respecting cadres, cherishing soldiers, and working hard and perseveringly; it is also printing and issuing reference materials and videotapes on the four educations, with an aim to collect the basic theoretical concepts, basic common sense, and the basic principles for becoming a soldier up to the mark that must be mastered by grass-roots officers and men, making it easier for officers and men to study constantly. In the four educations, the grass roots must use these teaching materials well and help officers and men to master ideological and theoretical weapons, to better differentiate right and wrong and standardize their behavior.

PRC: Commentator on Results, Regularization of 4 Educations

*HK2803024896 Beijing JIEFANGJUN BAO
in Chinese 4 Mar 96 p 1*

[Commentator's article: "Earnestly Enhance Guidance, Improve Results of Education — Fourth Comment on More Thoroughly and More Effectively Conducting the Four Educations"]

[PTS Translated Text for FBIS] Chairman Jiang recently pointed out: It is necessary to gear the units' ideological and political education to the new situation of reform and opening up, the revolutionization, modernization, and regularization of units, and the officers' and soldiers' ideological realities. It is necessary to systematically and creatively carry out ideological and political education by taking aim at specific issues. In a nutshell, this means that we should strive to improve the results of education. This is an important guiding principle to be followed to make a success of the four educations.

Last year, the units carried out the four educations by taking aim at the latest developments, inheriting and carrying forward fine traditions of ideological and political work, and exploring and practicing a large number of ways and means aimed at making a success of ideological and political education in the new situation, with the result that we have gained some useful experiences in this regard, including: The party committees should attach great importance to the four educations; the principal leaders should personally take charge of the four educations; it is necessary to first and foremost educate soldiers to resist the corrosive influence of decadent ideologies and cultures and help them tackle problems related to outlook on life; it is necessary to first of all conduct education among cadres, especially leading cadres and leading

organs, before conducting education level by level and from top to bottom; it is necessary to uphold the spirit of rectification, study theory, criticize and refute erroneous theories, conduct criticism and self-criticism, and give full scope to roles of both positive and negative examples to encourage healthy tendencies and guard against malpractices; and it is necessary to integrate ideological education with discipline enforcement and strict management in order to guide behavior and consolidate and improve the results of education. These basic practices and experiences have attested to the law of ideological and political education in the new situation and are of enormous guiding significance to soldiers' education in future. This year, to conduct the four educations in a more thoroughgoing and more effective way, we should firmly grasp the following two aspects:

One, it is necessary to constantly adhere to the spirit of rectification. Practice has proven that by conducting study and discussions in a general way, we cannot resolve major ideological and style problems. Therefore, we should try to employ rectification methods and urge officers and soldiers to earnestly and conscientiously check up on and straighten out behavior and carry out criticism and self-criticism. By so doing, we will be able to improve the quality and results of the four educations and demonstrate the party committees' and the party leaders' determination and resolve concerning the four educations. In the course of the four educations, we should study the series of important instructions issued by Chairman Jiang on stressing politics and enhancing ideological and political education; implement to the letter "Opinions on Strengthening Education and Management of Army Cadres at Senior and Intermediate Levels"; concentrate on educating leading cadres and leading organs; heighten army cadres' understanding; and urge Army cadres to check up on and straighten out behavior in accordance with relevant instructions and regulations so as to tackle in a down-to-earth manner ideological and style problems on the part of army cadres at senior and intermediate levels.

Two, it is necessary to carry out the four educations on a regular basis. Most of the problems to be tackled in the course of the four educations are related to the officers' and soldiers' study, work, and daily life. Laying a solid ideological and political foundation is a protracted and cumulative process. Therefore, we should not only conduct the four educations by taking aim at major problems in a particular period, but also attach utmost importance to the four educations on a regular basis. In a nutshell, we should try to integrate the four educations with regular ideological work and step up the four educations in light of the latest developments,

tasks, and ideological realities on the part of officers and soldiers so as to quickly and effectively resolve actual ideological problems among officers and soldiers. Moreover, we should hold heart-to-heart talks with more officers and soldiers, successfully carry out democratic activities among officers and soldiers, and strengthen ideological communication, understanding, and unity among members of leading bodies and between higher and lower levels. We should make unreserved efforts to publicize advanced models, mobilize positive factors, energetically promote healthy tendencies, and create a favorable political atmosphere and environment.

To make a success of the four educations, leaders and leading organs at all levels should actively help soldiers to overcome and tackle education-related difficulties and problems. To improve the quality of education, we should firmly grasp two key links, namely, enhance grass-roots political cadres' ability to organize and conduct education, and enhance brigade and regiment political organs' ability to guide education. Units at the army and division levels should try to assemble political instructors as well as brigade and regiment political department directors for training on specific topics by stages and in groups. The leading cadres should be good at passing on experiences, giving help, and setting good examples to pass on successful political education experiences and methods to others. In addition, various levels should properly increase input in this connection so as to make educational means and facilities commensurate with education needs.

PRC: Training Improves Air Force Combat Effectiveness

OW2703113696 Beijing XINHUA Hong Kong Service in Chinese 0925 GMT 26 Mar 96

[By reporter Sun Maoqing (1327 5399 1987)]

[FBIS Translated Text] Beijing, 26 Mar (XINHUA) — This reporter recently learned from the relevant Chinese Air Force department that Class-A combat regiments, which symbolize the Air Force's growing combat effectiveness, now account for 95 percent of the total number of combat regiments, and 74 percent of pilots have now been trained to fly in all types of weather, an all-time high.

Moreover, the system operated by China's surface-to-air missile troops has evolved from the single-type air defense missile system of the past into a multiple air defense system that includes long-range, intermediate-range, and short-range missiles fired from high, medium, and low altitude. Airborne units have acquired an all-weather, all-encompassing operational capability.

And Chinese airspace is essentially protected by radar networks.

It is understood that since last year, the Chinese Air Force has adopted rectification measures in light of the actual conditions of its troops. Primarily, these measures are designed to improve laws and regulations, tighten discipline, deepen reform, and train cadres. A rigorous, regular combat-readiness training regime embodying the Chinese Air Force's characteristics has been gradually established throughout the Air Force and it involves administrative offices, combat units, commanders, and pilots, and covering flight training venues, command and warning systems, aircraft maintenance, and flight logistic services. A fine training-style featuring meticulous organization and command operations and strict compliance with training programs and laws has taken shape throughout the Air Force, leading to remarkable improvements in command skills in organizations at all levels and the ability of leaders to deal with complex, extraordinary circumstances.

The Chinese Air Force's adherence to the principle of being strict with its troops is prominently reflected in the way it takes the initiative in creating difficulties and hazards and using existing equipment to courageously tackle challenging aviation tasks. It is reported that training time for highly difficult programs in all Air Force units accounts for 45 percent of the planned annual training time. Generally speaking, all air units have conducted highly difficult training programs, flying at night and in complex weather conditions, shooting missiles, operating marker lamps, training at sea, flying at low altitude or ultralow altitude, and carrying out emergency maneuvers. These have greatly improved tactical skills.

Flying low-altitude bombing raids over the sea is usually thought of as deadly. To the pilot, the sea and the blue sky look almost the same. The consequences of slight carelessness are too dreadful to contemplate. Commanders and fighters have, nevertheless, courageously defied this danger. On several occasions, many Air Force units have formed offensive and defensive exercise teams with Navy, Army, and Air Force antiaircraft, radar, and missile troops to conduct exercises modeled on future warfare. Pilots have flown large bomber groups less than 100 meters above the vast sea, which is indistinguishable from the sky by color, and have achieved good results in hitting all targets that were spotted.

To make training more like actual combat, the Chinese Air Force has combined technological, tactical, and contract training [he tong xun lian 0678 0681 6064 4886], and followed the course of putting tactical programs at the forefront of training. Some troops have successively

organized experimental learning projects, such as flying close to strategic points at sea, launching surgical air strikes against enemy troops, waging offensive air campaigns, conducting over-the-horizon air combat, and imposing air and sea blockades. From these projects, they have found a new operational method suited to high-technology conditions, which they have used to improve their ability to perform various combat missions. This has helped improve their tactical and technological levels and narrow the gap between training and actual combat.

PRC: Article Views Changes in Battlefield of Future
HK2703035096 Beijing JIEFANGJUN BAO
in Chinese 9 Jan 96 p 6

[Article from "Military Forum" column by Peng Feng (1756 6912), staff officer of the PLA General Staff Department Intelligence Department: "Drastic Changes To Take Place in Form of Battlefield"]

[PTS Translated Text for FBIS] At the turn of this century and the next, a new revolution is underway in the military field; and the greatest changes of this century will take place in weaponry and equipment, military ideology, armed force structure, and ways of thinking. Like the invention of gunpowder and the arrival of the machine age, the military revolution is of a great epoch-making significance.

It will eliminate the "mist of war." Throughout the times, decision-making commanders have always been perplexed by risks caused by uncertainties and lack of accurate intelligence on the battlefield. The new military technology has provided better conditions for commanders to obtain accurate and real-time battlefield intelligence, for "the information chain enjoys near-perfect intelligibility and accuracy and its operation only takes several minutes or several seconds." In the near future, modern sensing technology will be able to provide us with detailed images of specific war zones; intelligence processing centers will have access to and will analyze various information and intelligence in large quantities; combat effectiveness will be put under control, and even the positions of a single tank or a soldier will be accurately manipulated. By relying on highly integrated real-time commanding and control technology, commanders can immediately respond to the rapidly changing situation on the battlefield.

It will render obsolete existing war methods. For example, amassing soldiers may become taboo for all strategists. The military revolution could ensure concentrated firepower without amassing soldiers. The integration of the remote-offensive system and the monitoring and commanding system can enable an army to effect

a synchronical firepower offensive against any major targets on the battlefield without amassing its soldiers. Another example shows that the war method of engaging in close combat will be "cast away like a pair of worn-out shoes." Soldiers of various arms, especially ground soldiers, will try their best to avoid fighting at close quarters with hostile forces and will strive to effect a remote and indirect firepower offensive against the enemy. An offensive can even be effected against the strategic information hubs across the territory of an enemy state, thus paralyzing the entire military action of the hostile forces. In the past, all these could only be decided by the outcome of close combat on the battlefield. A third example shows that area lethality will be substituted by accuracy. Wars in the past required an increasingly greater destructive power, and the development of nuclear weapons can be regarded as the apex. The appearance of accuracy guided weapons will change this trend, for it can obtain greater lethality and destroy any selected target several hundred km away without increasing, or even reducing, the destructive force.

It will renew the structure of armed forces. First, it will reduce the size of the structure and cut down the number of administrative levels. Units at the battalion level or even smaller forces will mainly be engaged in combat on their own, yet they are ensured of the backing of long-range firepower. Levels of command will also be simplified, and the pyramidal structure will give way to a layered structure which takes a relatively flat form and is not that strict; battalions and single warships can directly report any information to the army and fleet headquarters, respectively. Most combat aircraft will be unmanned with a relatively low manufacturing cost, and considered only as launching platforms for accuracy guided weapons. The ground force will become increasingly lighter and will act only as impact spotters and target indicators of long-range accuracy guided weapons, while the use of direct firepower is regarded merely as the last means. Second, a highly flexible multi-system composite formation will be introduced, which can either be found in a service or straddle several services. On the ground, combat units will make mixed use of armored vehicles, cannons, penetrative offensive missiles, accuracy guided rockets, mechanized infantry, offensive helicopters and cargo helicopters, and other units. Third, it will change the past practice where combat tasks were divided into several parts and assigned respectively to different services and arms; stress the comprehensive efficiency of a high degree of integrity; completely discard the narrow-minded selfish departmentalism among different services; and give form to new units which enjoy a higher degree of combined action, which means forming combined formations at a higher level than before.

thus putting an end to the past coordinated operations knocked together mechanically. It has been learned that what makes the new military revolution different from previous ones is its ability to give play to the joint functions of multiple technologies and achieve an overall and comprehensive efficiency that is far greater than that of traditional conventional weapons.

PRC: Forum Views Challenge of Military Revolution

HK2703024296 Beijing JIEFANGJUN BAO in Chinese 2 Jan 96 p 6

[Article from "Military Forum" column by Zhang Feng (1728 6912) and staff reporter Li Bingyan (2621 3521 1750): "Historical Mission of Soldiers Straddling 21st Century—Roundup of 'Forum for Experts on Meeting Challenge of the World Military Revolution'"]

[PTS Translated Text for FBIS] Editor's note: At the end of 1995, the "Military Forum" column of this newspaper and the "Staff Journal" of the Ground Forces Staff Academy jointly sponsored a "Forum for Experts on Meeting the Challenge of the World Military Revolution" in Shijiazhuang. At the meeting, dozens of senior experts and famous scholars from PLA Headquarters, arms and services, military academies, scientific research institutions, and state organs specializing in international strategy, military strategy, military awareness, information technology, the study of foreign military sciences, and future studies conducted thoroughgoing discussions on a number of topics, including "the present situation of the world military revolution," "the impact of the military revolution on the building and combat effectiveness of our Army," and "the strategic moves that our Army should take to meet the challenge of the military revolution." Experts attending the forum exchanged opinions on a wide range of subjects, from the special features of the information era to the evolution of war patterns, from foreign armies to the Chinese Army, from history to reality, and from the current trend of a military revolution to the countermeasures our Army should adopt to meet the challenge felt free to express their views fully and reached consensus amidst clashes of different ideas. [end editor's note]

Waves of a military revolution with information technology as both its foundation and nucleus are surging towards us. This is a revolution which will produce an impact on the balance of the world's military strength in the next century, and also an epoch-making change which is gradually turning mechanized war into information war. Today, armies of all countries in the world are getting prepared for the challenge and are currently making their own choices. The foundation of each's information industry, the sophisticated degree of each's

military theories, and the attitude each adopts towards this change will decide who will be the first to complete this revolution. At the turn of the century, the world is undergoing rapid and drastic changes, and time and tide wait for no man. We have every reason to make this appeal: Let us take the whole world in view and meet the challenge of this military revolution in the posture of Chinese soldiers!

Tide of a World Military Revolution Has Arrived

The collapse of the Iron Curtains of the Cold War, the practice of the Gulf War, and the rapid development of information technology have led to this magnificent military revolution. The revolution is a direct-view reflection in the military field of the drastic changes that have taken place in the world's social, economic, scientific and technological, and international strategic setups. It is also an irresistible historical necessity which will change the traditional concepts and war methods in the military field to an unprecedented extent and will produce a far-reaching influence on the structure, establishment, operational principles, and military training of armies. The rapid development of technology is the prerequisite and nucleus of this revolution. It is just as what Engels used to point out in his article entitled "Can Europe Reduce Armaments?": "Today, it is unlikely for us to find another revolutionary field which is quite like the military field," and "every day, technology is mercilessly deserting all things in the world, including those which are just put into use. Today, technology is even eliminating the smoke of gunpowder of a romantic nature as to bestow battles with an absolutely unpredictable and completely different nature and process. Under the condition that the foundation of combat techniques is undergoing a constant revolution, we will have to give more and more consideration to this inestimable factor." This is precisely the era we are now in; and the rise of information technology is mercilessly deserting the production mode of the industrial era and is also bringing about merciless changes to traditional war patterns.

Military academic circles have different definitions for the recent thoroughgoing changes in the military field: Military revolution, change in the military field, military technological revolution, military telecommunications revolution, and military information revolution. However, all these different versions share the same essence. There are also diversified views on the implication of military revolution. Some hold the view that military revolution means military technological revolution, which is a technological progress that "may lead to fundamental changes on the battlefield." Others be-

lieve that military revolution is "the result of the comprehensive political, social, and industrial changes over the past several decades, or even the past several centuries, which could lead to considerable changes on the battlefield." At present, a common view shared by all holds it that military revolution is a major qualitative change which can correctly integrate, in good timing, advanced technologies and weapon systems with new military theories and military establishments; bring permanent changes to modes of operations; considerably improve military efficiency; and enhance the combat effectiveness of armies by several orders of magnitude [ji ge shu liang ji 0415 0020 2422 6852 2817]. Just as Tofler, a futurologist, has put it, the military revolution refers to the situation wherein "the old civilization is under challenge while the new one is rising, the whole society is in the midst of an overall transition, and simultaneous changes are taking place at all levels of the army (from technology to establishment and systems, strategy, tactics, training, and logistic support)." Today, experts, scholars, and generals have developed diversified understandings and explanations as to what the military revolution is and how many times this revolution has taken place in history, and they have made different analyses and expositions on the subject; however, this has in no way hindered our theoretical studies and practical exploration of this revolution.

The former Soviet Union should be said to be the first to predict the arrival of this revolution. Marshal Ackerkov, former chief-of-staff of the Soviet Army, and a number of well-known military theoreticians pointed out as early as the early 1980's: "The emergence of advanced non-nuclear technologies are giving rise to a new military revolution." The local wars breaking out since the 1980's have also helped Russia prove and perfect the views held by the former Soviet Union on the military revolution: "A time marked by fundamental changes in the military field has already arrived," and "integrating near-real-time reconnaissance with command and control forces, accuracy-control weapons have helped bring about a qualitative leap to military thinking which is totally different from that in the nuclear era." Over recent years, Russia has begun to regard the military revolution as the nucleus of future wars. Russian Defense Minister Grachev has pointed out: "Military reforms must be focused on the development of weapons which are based new theories and principles... To put an end to the present backward situation as soon as possible, we must exert ourselves to catch up with others in certain fields, including antiarmored cluster ammunition, electronic war systems, information systems, computer technology, stealth technology, and laser technology." As regards in which countries a military revolution will first take place, the Russians believe that such a rev-

olution will first take place in economically advanced countries. However, the economy is not the only source for military revolution; it is the brains of scientists and militarists, and their advanced thinking and ideas, that play a crucial role.

The United States is an active advocator and practitioner of this new military revolution. In the early 1980's, the United States began to ferment an information war, giving rise to such new concepts as "information combat," "information war," "counteraction of computer viruses," and "computer war." In the wake of the Gulf War, the Americans put forward another new idea: "The information era is bringing about changes to the military field, and will transform war patterns once and for all."

In March 1992, during a meeting convened in March 1992 for experts from all joint and specialized headquarters to study command and control in war, a major pattern of the information war, the U.S. Joint Chiefs of Staff reiterated: "It is imperative, under mutual intelligence support, to cut off the information flow of the enemy and to dampen, lower, and destroy the command and control ability of the enemy by making comprehensive use of operational security, military deception, psychological warfare, as well as electronic warfare and physical destruction. At the same time, steps should be taken to protect our own command and control ability, preventing it from being impaired by the same actions taken by the enemy side"; "the command and control war is one kind of military strategy for conducting the information war"; and "the command and control war is one pattern followed by us to conduct the information war."

In May 1993, the U.S. International Strategy Research Center organized nearly 100 experts to conduct studies for half a year, and the report submitted by these experts, under the heading "Military Technological Revolution: A Structural Framework," put forward a concept in explicit terms that the information revolution is the nucleus of the military technological revolution, while changes in military theories and the military establishment are a major component part of the military technological revolution.

The establishment of a "High-Ranking Committee for Guiding Research on the Military Revolution" in January 1994 upon the approval of U.S. Defense Secretary William Perry marked the official beginning of the country's research on the military revolution.

In May 1995, Lieutenant General (Selcher), former president of the U.S. Defense University, pointed out in an article: "The information war is a means of armed battle which aims at seizing decisive military

superiorities and centers around the management and utilization of information."

In addition, the United States has also encouraged and aided non-governmental research institutions to build up a theoretical foundation and make practical preparations for the military revolution through such measures as making use of independent research results attained by various armed services and research units, applying the technology of formation mode [jian mo 1696 2875] and simulation technology in a wide range of fields, organizing experimental units, and setting up "novel concepts" research groups. Meanwhile, the ground forces of the U.S. Army have stressed the need for "digitization"; a committee composed of nine in-service and retired officers and scientists, which was set up by the head of the Operations Department of the U.S. Army, has put forward a number of new operational concepts which can lead to the same major changes to naval warfare as those brought about by aircraft-carrier battle groups, amphibious warfare, and nuclear submarines; and the chief of staff of the Air Force has also announced his suggestion on "a revolutionary process of plan formulation," which aims at "matching hardware with concepts on army establishment and military theories, thus maximizing the utilization value of both."

The Americans believe that the Gulf War portends the beginning of both the information era and the information war. "Military revolution will bring about the most profound changes to war in the coming three decades, the same changes brought about by the machines of the industrial era 150 years ago." The reason why the Americans have devoted such great efforts to helping materialize a military revolution and to making preparations for an information war is that they regard information security as the focal point of national security and military security both at present and in the future. The building of an information super highway as advocated by Clinton is actually an important component part of national security strategy.

Today, the military revolution has gradually become a "hot topic" for study by political, military, and academic circles of all countries in the world. Military experts and strategists of all countries have drawn a conclusion from their analyses from different angles on the evolution of war and the emergence of military revolutions: "We are probably in the middle of such an era" during which fundamental changes will take place in the concepts and patterns of war, and "this (military) revolution has already arrived."

Impact Waves Produced by Digitization

This military revolution, which has come with forceful gusto, will inexorably bring about a historic leap to the pattern of war, transforming it from a mechanized war to an information war. Through its theoretical exploration, the United States has recognized: "The information era is the parent body of the military revolution," and "an information war is the product of the information era" which will "dominate the future battlefields." With a view to completing the cross-century project of army building, the U.S. Army has worked out concrete army-building measures and has already put its hand to the task of "setting up digitized units, amending theories and ordinance of operations, readjusting the establishment and system of the Army, formulating training guides for the new period, improving the system of weaponry and equipment, and bringing up officers and soldiers who can meet the needs of the information era." Judging by the results of preliminary studies and simulated warfares, the theoretical exploration and the experiment of simulation based on the battlefield digitization have showed the world an inkling of an information war. The traditional pattern of war which aims at eliminating the military strength of the enemy with firepower will be substituted by an all-positioned and all-depth one which relies on "information plus firepower" and which aims mainly at destroying the information network and the combat effectiveness of the enemy. A new kind of digitized battlefield different from the traditional one will constitute the main theme of future wars.

Experts of our Army believe: The information war is the focal point of the present new military revolution, and the digitization of both the battlefield and army building is the precondition for conducting a military information war. Based on the computer information processing technology, battlefield digitization will turn voices, characters, images, and information of various types into digital coding; link together battlefield command posts, various operational and logistic detachments, single-piece weapons and equipment, and individuals through such transmission means as wireless stations, optical-fiber telecommunications, and satellite telecommunications; form an intertwining computer telecommunications network; give full play to the rapidity, accuracy, huge volume, and other advantages of digital telecommunications; realize the near-real-time information exchange of all directions; enable all units to make faster and more effective use of information and follow the latest developments on the battlefield at all times; and will optimize the command and control functions of our units so as to enhance their antipersonnel force, survival capability, and ability of coordinated operations. Therefore, battlefield digitization will be a backing condition

and a core pillar for conducting and winning the information war. A digitized army is a brand-new army which "bases on digits" and which has completed the process of digitizing telecommunications technologies, realized the integration of C3I [rendered as Roman C superscript 3 and Roman I] and the intellectuality of weaponry and equipment, and has networked all operational systems.

It has been learned that in its efforts to realize the digitization of the battlefield and Army building, the U.S. Army is focusing, in the first place, on the study of the horizontal synthesis of the C4I [as above, but substituting 4 for 3] System. Second, basing on the results of experiments with the digitized battlefield, the U.S. Army will conduct "demonstrations of advanced techniques performed by combined units." To this end, the United States has set up, one after another, a number of key organs, including the Working Group of "Military Revolution" under the Defense Ministry, the Information War Bureau of the Joint Staff Department of the U.S. Army, the Command and Control War Center of the Joint Staff Department of the U.S. Army, the Information War Department of the National Defense Information System Bureau, the Information and Resources Management Institute of the National Defense University, the Support Detachment for the Security of Automation System of the Defense Ministry, the Computer Contingency Detachment of the National Defense Ministry, and the Research Group on Defects with the Global Orientation System under the Defense Ministry. Meanwhile, information war organs have also been set up, one after another, in the C4I management organs of all arms and services, such as the Digitization Office of the Ground Forces, the Operational Command Laboratory of the Ground Forces Intelligence Center, and the information war centers of the Navy and the Air Force.

The plan of the U.S. ground forces on realizing battlefield and army-building digitization is focused on realizing the digitization of units below brigade level, the digitization of lateral communications of weapons platforms, and the digitization of soldiers' outfits. The ground forces plan to invest \$2.1 billion within five years to carry out digitization transformation on a total of 11,000 kinds of weapons, including M1 main battle tanks, M2A2 and M2A3 combat vehicles, AH-64 armed helicopters, UH-60 command and control helicopters, OH-58D reconnaissance helicopters, M109A6 howitzers, and M106A2 mortars.

In April 1994, the ground forces of the U.S. Army conducted for the first time operational experiments of 1-70 advanced combat personnel with its armored task force in the Ft. Owen National Training Center, in order

to test the ability of digitization technology in enhancing the antipersonnel force, operational rhythm, and survival capability of army units. The results of the experiments have showed clearly that the rapid-reaction ability and combat effectiveness of units equipped with digitization will be enhanced threefold. After the experiments, the ground force of the U.S. Army set up the world's first digitized battalion. In 1995, the ground forces carried out advanced combat personnel operational experiments with heavy-duty and light-duty units, which successfully proved the impact on the combat effectiveness of army units produced by changes in information technology, establishment, and war patterns. Plans have been drawn up on forming a digitized heavy-duty armored brigade in 1996, a digitized division in 1997, a second digitized division in 1998, and a digitized army in 1999. By the year 2010 or so, the ground forces of the U.S. Army will realize overall digitization.

The U.S. Army is a daring vanguard of this military revolution, and the afore-mentioned major moves themselves represent a dynamic information war, delivering the message to all countries in the world that the U.S. Army retains a strong technological superiority. This will undoubtedly pose a new challenge and a new technological deterrent to the armies of all countries in the world.

The experts of our Army also hold the view that in its bid to conduct this military revolution, the United States will encounter obstructions from all sides, especially obstructions from the Army itself. The military revolution which the U.S. Army is engaged in is no more than the use of information technology to transform the existing units as well as the existing weaponry and equipment of the army, and the U.S. Army has already got trapped in the blind alley of technology. The new military revolution takes a transitional process. History has proved many times that due to the obstruction of outdated traditional concepts, armies with a strong military power tend to draw out this transitional process and end up falling far behind others in the new military revolution. If the United States goes on with the present practice, the military revolution it is engaged in will not be a thoroughgoing one.

"Digitization" is aimed to remove the "dense fog" enveloping the battlefield; yet at the same time, it will stimulate the opponents to create more "dense fog." The battlefield is always a place which is filled with "probability," while "sophistical reasoning" has always been the logic pursued by war. It is true that advanced technologies can enhance the transparency of the battlefield, yet they have no way to make the determinations of commanders transparent.

Thoughts on Going Along With World Trends

China is among those countries which had an early touch of the world's new military revolution. A nationwide campaign of emulating and studying the new technological revolution was started in China in 1983, during which the whole country responded to the call of the party Central Committee, and formulated the "863 Plan," thus opening a new prospect for scientific and technological development of the country. With a view to mastering the essence of the new technological revolution and the knowledge of the modern war, the Chinese Army set off an upsurge of studying military scientific theories.

Comrade Shen Weiguang, a serviceman in a certain unit of the PLA Ground Force, put forward the concept of the "information war" as early as 1987, and published a book entitled "Information War" at a later time. Over the past several years, China's military academic and theoretical circles, nongovernmental research institutions, and relevant departments of the army have called many symposiums on the subject of military revolution, conducting extensive discussions and attaining numerous research results concerning the connotation, contents, significance, special features, historical development of the military revolution, as well as the impact produced on the military field by the military revolution.

A new upsurge of studying the new military revolution has been set off in China since 1994. Qian Xuesen, a famous Chinese scientist, expressed his view on the military revolution in August 1994: "Having gone through the stages of bare-handedness, cold-steel weapons, hot-steel weapons, and mechanization, military operations are now entering an information era. These five major revolutions correspond with five industrial revolutions. At present, we need to pay close attention to studying the information war under the nuclear threat."

Zhu Guangya, another well-known Chinese scientist, also noted during an interview with our staff reporter: "The world has entered the time of new military revolution, which gives expression to social, economic, and scientific and technological changes in the military field. Information technology is the nucleus and foundation of this revolution, for it is information and knowledge that bring changes to the old practice that the military strength of an army was measured simply by the number of its armored divisions, air force wings, and aircraft carrier groups. Today, a number of invisible forces need to be taken into consideration, including the calculation capacity, the telecommunications volume, and the reliability and real-term reconnaissance ability of relevant systems."

The Commission of Science, Technology, and Industry for National Defense sponsored a symposium entitled "Analysis of the National Defense System and the Military Technological Revolution" in December 1994; and in October 1995, the commission invited experts from both inside and outside the army to attend a symposium on "The Issue of Military Revolution." Meanwhile, various arms and services of the PLA, colleges and universities, research institutions, nongovernmental academic bodies, as well as this newspaper have also called many symposiums on the issue of "military revolution." Some units have set up campus information systems which are to be fit in with the information super highway, "simulation systems of operations," and "preliminary combat laboratories"; while a number of nongovernmental academic bodies have set about the task of establishing an Information War Research Institute. Many academic bodies, colleges and universities, and research units have come up with various programs and tentative ideas on the way China rises to the challenge of the new military revolution.

Experts present at the Shijiazhuang meeting noted: China has just begun to prepare itself for the challenge of the new military revolution, its actions still remain in a spontaneous state, and the country is still plagued by such problems as theoretical confusions and blindness in action. Today, many theoretical questions still remain unanswered: Has the information become the focal point of the present military revolution? Is the revolution aimed at inlaying the old framework with new technologies, or at reforming the overall framework? In their bid to meet the new challenge, will the armies of underdeveloped countries complete the process of the mechanized war before considering a shift toward the information war, or start from now on to prepare a development blueprint for the information war? Will the guiding ideology be one which is pulled by theory or one which relies on the inertial impetus given by practice? How shall we readjust in practice the overall thinking on the strategic program? How shall we define the keynote of technological development? In what ways can the establishment and the system of our army be readjusted? How shall we reform and update war methods? The straightening of all these "?" [question mark as published] requires the extensive participation of the vast numbers of officers and men, as well as people from all walks of life across the country; and requires a long-term exploration in both theory and practice.

Considerations and Choices at This Historical Intersection Point

There is a sport called "surfing." A surfer must try to ride on top of waves by dashing against the waves at

the right moment; otherwise, he will be engulfed by the bitter and astringent sea water. In the face of the waves of this military revolution, armies of all countries are tying each's best to ride on top of the waves, just as the surfers do, so as to ensure that they will not be submerged by the historical currents. In this sense, our Army should also seize this opportune moment, cast away the inferiority complex resulting from the backwardness of our weaponry and equipment, and rise bravely to the new challenge.

It is imperative to activate the impact wave of theory. Sun Zi said: Those who are good at commanding battles will fight no battle they are not sure of winning. The outcome of a war has become more and more dependent on designs and contests in theory. The concept of learning a war in the war is out of fashion now. Mustering forces in the "theoretical battlefield" during the prewar period will be the issue of the first importance in our efforts to meet this military revolution.

Revolution means making certain negations, and negations are bound to meet obstruction. A review of the entire history tells us that every military revolution was once faced with grim obstacles, for the powerful inertia formed by old ideological concepts tend to consciously and unconsciously exclude and reject all new ideas and concepts; while the mentalities of "being satisfied with the existing practices and reluctant to move forward" and "being handicapped by lack of knowledge and experience," or showing no concern for this revolution, or being constrained by conventions will all hold back our strides forward. In view of this, we must break through the shackles of the set of thinking, go out of the bounds of sluggishness in thinking, and have a keen insight into the major changes taking place in the military field.

We need to improve upon the theories and methods of war, so as to bring along and guide the practice of army building. Along with the development of simulated confrontation technology, new theories can be applied to simulated confrontations under non-war conditions; as a result, the development of the military theory can enjoy a higher transcendence, giving a greater prominence to its role in bringing along and guiding the building of our units. Therefore, the academic and theoretical circles should further emancipate their mind, break through all kinds of bounds and shackles, and build up a theoretical system of the information war of our own army.

It is necessary to set up a macro-control system. The new military revolution will bring about profound changes to military technologies, military thinking, the establishment and system of the army, operational theories, and methods of war, involving not only all levels

and all sides of the army but also many departments of the entire country. Therefore, it is necessary to set up a system of macro-control and macro-guidance, under which we can come out with an overall design on the target, content, methods and steps, and measures of this revolution on the basis of scientific studies and demonstrations; and supervise and guide its implementation.

Reviewing in retrospect the reform process of our army over the past decade and more, many things warrant careful summarization and introspection. Take the automation of the command system for example. During the initial stage of the task, due to the lack of a forceful macro-control and macro-guidance, we adopted a method of random collisions, selected breakthrough points according to circumstances, and encouraged the masses to aim high and go all out, from the time of ideological mobilization, partial reforms, to the launch of the project on a comprehensive scale. As a result, little coordination or mutual concern could be found between different departments, different levels, and different arms and services. Some units failed to make an appropriate choice when selecting types of microcomputers and as a result, all the manufactured microcomputers they had produced proved incompatible; some spent large amounts of foreign exchange to buy equipment from abroad, which soon became a dump of electronic trash; some projects which costed tens of million yuan to build were found concentrated only on single-item functions and unable to form overall efficiency. In view of this, experts have made the appeal that to meet the challenge of the world's military revolution, there needs to be a system thinking and an overall plan. The new military revolution will attract more people, yet we should see to it that the success of this revolution should not be attained through mass movements.

— Efforts should be made to attach a great importance to the training of able personnel. The development of information technology and its extensive application in the military field require the Army to enhance the quality of its members, turning them into professionals with a wide range of knowledge. Instead of negating the role of man, the high-speed development of technology has enhanced the intellectual functions of man. In the information era, an uncivilized army will be a stupid army; an army basing on no theories will be a soulless army; and an army without technological knowledge will be a hopeless army. Soldiers should not only become proficient in their professional skills, but should also enjoy a wide range of military and scientific knowledge; not only know how to use the weapons in their hands, but should also acquire an overall understanding of the entire system on the battlefield; not only have a strong physique, but also a sharp mind.

Compared with foreign armies, the Chinese Army is plagued not only by a "technological difference" in outfit and equipment, but also by a "knowledge disparity" in the quality of manpower. In view of this, our Army should pay greater attention to the training of able personnel.

— Steps should be taken to build up combat laboratories. In the past, the biggest difference between military sciences and natural sciences is that the rules of military sciences cannot be discovered, tested, and verified in laboratories like those of natural sciences. Today, however, virtual reality and simulated confrontation technology are bringing a change to this traditional subject. In its bid to meet the new military revolution and explore new operational theories, the U.S. Army has built up six combat laboratories and corresponding experimental units. It can thus be predicted that the new operational theories tested, verified, and produced in combat laboratories will become the fashion of the future military academic studies. Under such circumstances, building up combat laboratories of our own Army has become imperative.

— It is important to develop our own "unique lethal weapons." In this military revolution, there is no need for our Army, one of an underdeveloped country, to adopt the strategy of catching up with others in all fields, neither is there any need to imitate others and thus lose our own individuality. We would rather proceed from the brand-new information war and develop our own unique techniques and skills than inlay the old framework with new technologies.

While bringing light to mankind, new technologies will also cast shadows at the same time. An army of a country, or even a society, will become extremely fragile and vulnerable when it fulfills the process of networking and then relies entirely on electronic computers. This is because that the armies of underdeveloped countries can develop, during the process of this military revolution, a large number of "secret weapons" which can well throw the financial systems and the army command systems of the hegemonists into chaos.

Undoubtedly, due to their different economic and scientific development levels, as well as their different cultures, traditions, and ways of thinking, different countries will be subjected to different impacts produced by the military revolution; as a result, they will adopt different approaches toward new things and accept the new military revolution in varying degrees. Therefore, there will be a growing trend toward diversification in the pattern of war at the initial stage of the military revolution. For a considerable period to come, the war of the information era, the mechanized war of the industrial era,

and the primitive pattern of war in the agricultural era will coexist, giving rise to a situation of "three generations under one roof" or even "four generations under one roof." However, we should not deny the necessity of reforming ourselves because of this. Countries which are able to seize the forward position and the commanding heights of this new military revolution will always be able to enjoy greater strategic efficiency.

The force which is changing man's creation of wealth is currently changing war. History is making such an appeal, the practice of foreign armies is making such an appeal, and strategists and military theoreticians are making such an appeal:

It is the historic mission of cross-century soldiers to rise to the challenge of the military revolution.

PRC: Article on Challenges of IW, Military Revolution

*HK2703023296 Beijing JIEFANGJUN BAO
in Chinese 9 Jan 96 p 6*

[Article from "Military Forum" column by Su Enze (5685 1869 3419), professor of the Air Force Command Academy, instructor of doctoral students, and member of the State Council Branch of Learning Assessment Group: "Have Mastery of Essence, Construct 'Two Mansions'"]

[PTS Translated Text for FBIS] The world scientific and technological revolution is the source of the world military revolution. Although the scientific and technological revolution is not tantamount to the information revolution, the latter is the forerunner of the former; and although the military revolution is not the equal of the information war, the latter is the guide of the former.

At a time when the concept of information is becoming more and more a mere generality, we believe it necessary to stress its essence. The essence of information is the negation of uncertainties, or negative entropy [fu shang 6298 7772]. Entropy means disorder while negative entropy means order. This is to say that fields with more uncertainties will have bigger demands for information. Clausewitz has noted that war is a field most exposed to randomness, and it is therefore most sensitive to information and bears the brunt of the information revolution. Whoever can turn uncertainties into certainties will gain the upper hand.

Some people consider information war to be one that "strikes where it is designated"; yet in my opinion, it is one that "strikes where it is already in the know." Today, much publicity about "accuracy" fails to be "accurate" itself. For example, missiles are said to be able to "go through a bullet hole." As a matter of fact, this cannot

be done without the "locking on" of pilots. Even the Americans themselves have also claimed that they have not achieved the goal of "accuracy" but only that of "nimbleness." Take another example. Workshops in the West are reported to be as clean as luxurious hotels; yet this is, in fact, far from the truth. The manufacture of large-scale liquid crystal displays requires that one cubic centimeter of space contain no more than one grain of dust; yet in luxurious hotels, one cubic centimeter of space contains 100,000 grains of dust. From this we can see that no matter whether we are talking about ourselves or our enemy, we should refrain from exaggerating but try to acquire "accurate" knowledge of both sides so as to avoid blindness in drawing up countermeasures.

Accuracy represents only one "pole" of modern science and technology, and the other "pole" is complexity. Accuracy can only be found in a small number of relatively simple and quantifiable fields, while most fields still cannot reach the level of accuracy. The movements of cigarette puffs are more complicated than the Apollo moon-landing project, not to say the activities, especially the thinking activities, of man.

Therefore, the challenge of the military revolution constitutes two aspects: one is military technology featured by accuracy; while the other is military theory, or military strategy, featured by complexity. The latter is particularly important to the leadership in its making of military policy decisions. Well-known scientist Qian Xuesen once put forward the idea of building two mansions: A mansion of accuracy, which is already in existence, and a mansion of complexity.

Many of the computer systems designed today are rated as "accurate," yet they are always accompanied by such a sentence: "For the reference of leading cadres only." It can be imagined that the more "accurate" things like this, the heavier a burden leading cadres will shoulder. Today, modern military commanders have to deal with information that is five to 10 times that of a decade ago; and besides the quantity of information, they also have to deal with its quality ("semantic meaning"): It is particularly difficult to deal with the contradictions, the mixture of the genuine and the false, and the interference of multiple factors when processing information during a limited time... We can thus see from the essence of information that excessive information that is artificially brought to fields where there are already enough certainties will only divert and disturb the attention of commanders, and will be considered nothing but "information contamination" and "information trash."

To build the mansion of military strategy, we should have not only the ability to "strike where it is already in the know," but also the ability to "get to know wherever we want to know." This refers to efforts devoted to enhancing the wisdom of military talent, and in improving the art of dealing with information at higher levels where accuracy cannot be achieved easily. It can be said that military strategy has entered a new development phase, for it, based on the existing treasure of strategies, aims at renewing the connotation and denotation of itself, gearing itself to the multidimensional battlefield, and commanding diversified military forces by means of multi-media.

The world military revolution will create new weaponry, and more importantly, soldiers of a new type.

PRC: Air Force Successfully Test-Flies Supersonic Drone

OW2703143496 Beijing XINHUA Hong Kong Service in Chinese 0317 GMT 27 Mar 96

[By reporter Sun Maoqing (1327 5399 1987)]

[FBIS Translated Text] Beijing, 27 Mar (XINHUA) — Science research personnel at the Chinese Air Force recently successfully test-flew the first supersonic, pilotless drone, making China one of the few countries with such airplanes in the world.

According to relevant Chinese Air Force departments, China has successfully developed pilotless drones that fly at high altitude, medium altitude, low altitude, and extremely low altitude. These can satisfy the current need to test, appraise, and conduct live-fire exercises with various missiles and air armaments.

In the past, lack of a real flying target for use in testing missiles and air armaments constituted a gap in China's missile testing. In 1967, science research personnel at a certain Air Force test base in northwest China successfully tested Changkong 1, China's first pilotless drone. This was the first time that such a test was successfully conducted, and it filled a gap in China's program of test-flying drones and closed a chapter in China's history of importing drones for testing.

On this basis, science research personnel at relevant units developed a series of China's first-generation drones. Mindful of the need to test air armaments, the Air Force in 1984 again redesigned a decommissioned fighter into a second-generation pilotless drone code-named Ba 5-Z, thus bringing China into a new stage of testing pilotless drones. Meanwhile, the successful flying of Changkong 1-series drones during that period did a splendid job of fulfilling China's needs for nuclear tests and large military exercises. The drones performed

the miracle of flying through mushroom clouds, either alone or in pairs, in nuclear explosion zones to gather samples.

PRC: Development of Domestic Armored Carriers Outlined

*HK2803092696 Beijing JIEFANGJUN BAO
in Chinese 3 Mar 96 p 2*

[Article by Zhong De (1813 1795) and Tie Mao (6993 4243): "Quiet Rise of China's Armored Carriers"]

[PTS Translated Text for FBIS] Armored carriers have always played a very important role in modern armored warfare. They were developed to meet the need of armored units' tank-infantry combat teamwork [bu tan xie tong zuo zhan 2975 0982 0588 0681 0155 2069] and have developed along with the enhanced level of modern tank technology.

Armored carriers made their first appearance toward the end of World War II. The early armored carriers, which were not fitted with armored bonnets, were divided into three categories, i.e. wheeled, tracked, and semi-wheeled and semi-tracked. Their primary task was to deliver to forward positions ammunition and other equipment for infantry and tank combats. After World War II, in light of the changes in battlefield situations, various countries made considerable improvements on armored carriers by eliminating the semi-wheeled and semi-tracked type, adding armored bonnets, increasing power, and equipping them with self-defense firearms. As a result, not only did they have greater mobility and better protection in battles but they also provided some fire support to armored infantrymen fighting alongside tank action. They have become an indispensable "partner" in modern tank actions. In recent years, with the emergence of infantry battle vehicles, the role of armored carriers has changed slightly but, as a kind of support vehicles, they still occupy an important position in modern armored warfare. For this reason, motorized infantry divisions of developed countries are still equipped with large numbers of armored carriers; in the economically less-developed Third World countries armored carriers are still one of the most popular large-size mechanized equipment.

Currently the most representative armored carriers in the world are the M113 of the United States, FV432 of Britain, BTP-50 of the former Soviet Union, and the HWK11 of Germany. The common features of these carriers are: They have a greater personnel-carrying capability, usually 8-11 people, and stronger maneuverability, with a maximum speed of 52-78 km an hour, cross-country speed of 30-40 km an hour, and the longest distance of 370-600 km and, owing to the light

hulls, can be easily floated, airdropped, or airlifted, thus further expanding the scope of maneuverability; in terms of protective capability, the modern armored carriers usually can effectively withstand the onslaught of light arms bullets and shell fragments. Some developed countries even apply alumag armor [lu mei he jin zhuang jia 6986 9485 0678 6855 5944 3946] to their carriers to further strengthen their bulletproof capability. They have added an automatic fire-fighting and explosion-depressing system and a three-defense [against atomic, chemical, and bacterial weapons] system to suit the need of battlefield operations under modern conditions. In terms of fire power, armored carriers are generally fitted with 7.62- and 12.7-mm machine guns, and some countries have even fitted their carriers with a 25- or 30mm automatic gun, thus effectively enhancing their self-defense capability.

China started developing and producing armored carriers in the late 1950's and early 1960's. By that time, the developed countries in the world had developed armored carriers of the second or third generation. To catch up with the development level in the world, China assembled competent personnel and, through efforts by two generations of people, developed and produced its own armored carriers from scratch, quickly filling the gap in weaponry. Since the Third Plenary Session of the 11th CPC Central Committee, we have scored rapid achievements in the development and production of home-made armored carriers, gradually increasing from a single model to an armored carrier family consisting of dozens of models in several major series. In terms of fighting technical functions [zhan ji xing neng 2069 2111 5887 5174], some have reached or approach the world advanced level in the 1980's and, in terms of combat technical indexes, some have surpassed overseas carriers of the same category. At antagonistic demonstrations of the performance of armored carriers held in a developing country some time ago, a type of China-made armored carriers won over other competitors by putting up first-class performances in major combat technical functions, such as high- and cold-temperature startup, high-speed travel, cross-country maneuverability, operation under high-altitude and low-pressure conditions, reliability and easy maintenance of equipment. At the demonstration fields where there were numerous "foreign vehicles," they added to our national and military prestige and won a glorious place for our home-made armored carriers in the world family of battle vehicles.

PRC: Beijing Military Region Computerizes Financial Work

HK2703032996 Beijing JIEFANGJUN BAO in Chinese 30 Jan 96 p 2

[Article by Hu Weiyu (5170 4850 3768) and reporter Yan Jinjiu (7051 6855 0036): "Beijing Military Region's Financial Departments Build Computerized Long-Range Through Telecommunication Network"]

[PTS Translated Text for FBIS] Beijing, 29 January— This reporter saw with his own eyes at the first financial computer technology contest held by the Beijing Military Region not long ago: After a decade of hard work, Beijing Military Region's financial departments have finally achieved marked results in building a computerized long-range through telecommunication network that links the headquarters with directly related units. The region's financial departments at and above regiment level, including those stationed in border areas, are operating through the network at the moment. They are now able to get account books, statistics reports, and final accounts data of directly related units from the network in a short space of 20 minutes, thus raising work efficiency by a large margin.

The region's financial departments have made unrestrained efforts to develop hardware and train qualified personnel; raised funds at all levels to equipment units at and above regiment level with microcomputers, facsimile machines, and computer rooms; and stepped up hi-tech personnel training in the course of building the aforementioned computerized long-range through telecommunication network. They have also held 15 computer technology training classes that trained a total of 639 backbone technological personnel. The region has invited on several occasions computer experts and professors of Military Academy of Economics and Logistics Command Academy to give lectures and organized its own financial personnel to compile teaching materials for computer courses, such as "558 Questions on Computerized Accounting," with the result that the region's computer technology training rate has risen to over 95 percent. Over the past few years, the region's financial personnel have also studied and developed on their own a total of 14 types of software, including "Company Accounts Examination and Cancellation System," "Grassroots Units Financial Management System," "Final Company Provisions Accounts System," and so on. As a result, they have won scientific and technological development prizes of the army and local authorities.

The computer technology's universalization and application have freed the region's financial personnel from such heavy and tedious daily work as preparing ac-

count books and statistics reports. In the past, it took nearly a month for them to prepare final subsistence expenditure accounts and final operational expenditure accounts; examine statistics; and submit relevant reports to the higher authorities. Now it takes only seven days for them to do so. The computerization of financial survey and statistics has significantly reduced time, cost, and manpower involved and greatly raised statistic accuracy as well. Now it takes only five days for them to transmit accurate and comprehensive data from regiment (brigade) level to the headquarters through the microcomputer system.

PRC: Military Airfield Turned Into Civil Airport

OW2703144896 Beijing ZHONGGUO XINWEN SHE in English 0327 GMT 27 Mar 96

[FBIS Transcribed Text] Quanzhou, March 27 (CNS) — — The newly remodelled Jinjiang Airport will be opened later this year.

The Civil Aviation Administration of China (CAAC) has just finished a comprehensive examination on the airport's facilities and given the green light for the commencement of formal operations, according to sources.

The Airport, which used to be a military airfield, is located in Quanzhou City in Fujian Province, just across from Taiwan.

In 1994, the local government invested rmb [renminbi] 250 million to turn it into a civil airport. Overseas Chinese of Quanzhou origin supported the project with significant donations.

CAAC conducted numerous test flights with large passenger aircraft between Jinjiang and Fuzhou, Xiamen and Wuyishan during the appraisal process for the airport's telecommunications, navigation, ground lighting, power and water supply systems.

Final touches are being made to the airport's passenger terminal while oil tanks and special-purpose vehicles will soon be ready for the commencement of full operations at the airport.

***PRC: Qinghai's Wang Guangren Stresses Politics**

96CM0175A Xining QINGHAI RIBAO in Chinese 5 Jan 96 p 2

[Article by Wang Guangren (3769 1639 0088), Qinghai Provincial PAP Division Political Commissar: "Leading Cadres Must Maintain Their True Quality of Arduous Struggle"]

[FBIS Translated Text] Leading comrades must maintain their true political quality of arduous struggle under the new situation. This is of great significance in

combating money-worship; pleasure-seeking; out-and-out egoism; and a decadent ideology, culture, and life style.

To maintain the true political quality of arduous struggle is necessary in carrying forward fine traditions. Some leading cadres have ignored their ideals and convictions and paid little attention to moral standard and discipline in recent years. They have neglected their mental outlook and cast away the good tradition of hard struggle. Our party and Army have continuously grown by relying on the spirit of hard struggle. Today we also need to rely on this spirit of hard struggle to develop socialist modernization. Even if our nation becomes strong and prosperous, we still need to carry forward the spirit of hard struggle. To carry on the spirit of hard struggle is an ideological guarantee to hold the party's basic line. We must always realize that in order to uphold the party's basic line unswervingly for 100 years, we must perseveringly maintain and carry forward the spirit of hard struggle. We must understand that leading cadres must keep up the fine tradition of hard struggle. This involves not only an issue which has a bearing on carrying forward the fine tradition of hard struggle in the whole party and in the entire Army, but also a major question which insures that our party, state, and Army will never change their color.

To maintain the political quality of arduous struggle is necessary in combating corruption and guarding against unexpected turn of events. With the continuous development of the reform and opening-up policy, it is inevitable that decadent ideas of the bourgeoisie will seize the opportunity to worm their way into our ranks, and integrate with the decadent ideology and culture of the exploiting classes left over from history; and allow money-worship, pleasure-seeking, ultra-egoism, and a decadent life style to breed. This will seriously corrode our leading cadres' healthy bodies, and even destroy a number of people of weak will. In order to resist the influence of the decadent ideology, culture, and life style, leading cadres must develop the fine tradition and maintain the political quality of arduous struggle.

Efforts must be made to resolutely resist the erroneous concept that "power is something private" and guard against any attempt to abuse one's power to seek personal interests. It is necessary to combat the erroneous thought of "making things easy for others is aimed at making things easy for oneself" and prevent the principle of equivalent exchange from eroding one's power. It is essential to foster the concept of feeling at ease to stay and of rendering meritorious service in the [Qinghai] Plateau, resist the concept of pleasure-seeking, and develop the spirit of hard work and dedication. Efforts must be made to fundamentally solve the question of

"for whom we work as officials and for whom we serve," consciously link people's good and prosperous life with their happiness, and make even greater contribution to the party and the people. Right now, there are many "false reasons." For example, "one's power will be invalid after the specified date, if it is not put to good use." "There is no sense to work too hard and treat oneself unfairly." "We rather pay more attention to the higher level than the lower level." All these "false reasons" have greatly confused and befuddled people. Leading cadres must persistently refute "false reasonings" with a scientific approach; clear up all confusion and bring things back to order; clarify matters; draw clear-cut demarcation lines; and encourage healthy trends.

To wholeheartedly serve the people is the fundamental aim of our party and our army. To maintain the political quality of hard struggle, leading cadres must uphold and practice the principle of serving the people. Right now, the concept of serving the people has become weaker in the minds of some comrades. Some of them have cast away the fine tradition of following the party's mass line, while others pursue personal interests with power, or abuse the power in their hands to seek personal gains or establish underhand connections. All this has tarnished the image of the party. We must pay full attention to this situation. We should use our aim to serve the people to guide our thinking and action; place the interests of the party, the state and the people above all; proceed from the interests of the people in all work; serve the people wholeheartedly, completely and thoroughly; and do everything to serve the people. We must foster the Marxist mass line; resolutely improve our style in ideology and leadership; regularly go deep among the officers and men; and strive to fulfill the aim of serving the people. We must correctly handle the relationship between material well-being and spiritual benefits; persistently link hard struggle with reason; combine material pleasure with spiritual enjoyment; follow the good examples set by Lei Feng, Jiao Yulu, and Kong Fansen; and offer everything we have for the development of the armed police forces.

Leading cadres must always keep in mind Comrade Mao Zedong's teaching on "two must's" and develop the "five types of revolutionary spirit" as promoted by Comrade Deng Xiaoping and the "64-character pioneering spirit" put forward by Comrade Jiang Zemin to take root in the [Qinghai] highland. They must carry out pioneering work under arduous conditions and withstand the severe tests by prosperity and adversity. Limited by local conditions, there remain problems caused by the shortage of drinking water, electric power, and bath houses for officers and men in some basic-

level detachments in our division. It is necessary to carry forward the spirit of arduous struggle, try to solve all types of actual problems for the officers and men, and create a fine environment to keep people here. It is essential to set typical examples, commend advanced individuals, and cite those who feel at ease to stay and render meritorious service in the Plateau. Efforts must be made to help advanced individuals play their role well in setting good examples, blazing the trail, and providing us with guidance; and to inspire leading cadres to make new contributions on their different posts.

The key to maintaining the political quality of arduous struggle is that leading cadres must take the lead in setting examples, earnestly practice what one advocates; play an exemplary role in carrying out their work; and strive to create a fine image for the people. Leading cadres must be happy to receive the same amount of cost of living allowance just like an ordinary cadre, and oppose privileges. They should not build luxurious living quarters for themselves, buy sumptuous cars, or enjoy themselves with feasting and other kinds of entertainment. Nor should they call relevant departments or send them messages to help friends or relatives get promotion, join the CPC or the Communist Youth League, enter schools or colleges, become volunteers, or study technologies. They must also refrain from interfering with government institutions or basic-level organs from performing their official duties. They must resolutely implement the instructions and regulations laid down by the CPC Central Committee and the Central Military Commission on improving the party style and fighting corruption without having to bargain or compare themselves with others unrealistically. In the face of all kinds of temptations, they must correctly use the power in their hands and do a good job in using power. They must correctly deal with wealth and do a good job in handling money, oppose pleasure-seeking, and overcome all difficulties in their daily life. They must remain indifferent to fame and wealth and withstand all tests in this connection. It is necessary to create a fine image of seeking truth and facing reality. Leading cadres must resolutely speak the truth, perform actual deeds, emphasize practical results, and regard the achievements in raising combat effectiveness as the criterion in checking all their work. In doing the work of providing guidance, leading cadres must take the initiative to offer suggestions and find ways and means to help basic-level units solve their difficult problems. When a basic-level unit implements an urgent, difficult, and arduous task, leading cadres must provide it with the proper guidance and the necessary service. When a basic-level unit is unable to solve contradictions in the unit, leading cadres must help it coordinate with

other units to solve such contradictions. When a basic-level unit has gained some experience, leading cadres must help it summarize and learn from such experience. When a problem crops up in a basic-level unit, leading cadres must help it find causes, draw lessons, work out measures, and carry out its various types of work meticulously and in a down-to-earth manner.

PRC: Former Kuomintang General Shen Zui Dies

OW2703145496 Beijing XINHUA in English
1429 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Shen Zui, a former Kuomintang general in the secret service force, has died in Beijing at the age of 82. The body of Shen, who died on March 18, was cremated in Beijing today.

Shen was born in Xiangtan, Hunan Province, on June 3, 1914. He once acted as a senior leader of the Bureau of Investigation and Statistics of the Kuomintang Military Council, in Shanghai and Yunnan Province.

On December 9, 1949 Shen revolted against the Kuomintang rule in Yunnan two months after the People's Republic of China was founded, contributing to the peaceful liberation of the province.

Over the following years, Shen had been a member of the Subcommittee of Cultural and Historical Data under the Chinese People's Political Consultative Conference (CPPCC) National Committee, writing several books disclosing secrets of Kuomintang secret service force.

From 1981, Shen acted as a member of the fifth, sixth, seventh and eighth national committees of the CPPCC.

He also showed great care for the reunification of the motherland, and made great efforts to promote relations across the Taiwan Strait.

PRC: Police Patrol in Nearly 200 Cities

OW2803114996 Beijing ZHONGGUO XINWEN SHE
in English 0131 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (CNS) — Police now patrol 193 medium and large cities in mainland China, according to an official from the Ministry of Public Security.

This force is relatively new to the public. They are well equipped and specially trained to maintain law and order in the urban areas.

So far, the total number of officers involved nationwide is 116,000. They play an important role in keeping civil order, providing emergency assistance and helping people in various ways.

In 1995, patrol officers dealt with 57,000 cases concerning public order and arrested 670,000 people suspected of having committed a crime. They investigated and solved over 190 serious criminal cases, and provided assistance to the public whenever they were asked.

***PRC: Public Security Forces Interdict Smuggling**
96CM0175B Beijing RENMIN GONGAN BAO
in Chinese 15 Feb 96 p 1

[Article by Gai Jindong (5556 6855 2639): "Smuggled Goods Valued at 600 Million Yuan Seized in 1995 — Smugglers Dealt Heavy Blows by Public Security Forces in Border Regions"]

[FBIS Translated Text] With their focus on the issue of smuggling in various coastal areas and ports, the frontier public security forces throughout the country have continuously strengthened their strike forces and dealt smugglers with severe blows. In 1995, they cracked 459 cases involving smuggling; and seized 685 contraband motor vehicles, 1,212 contraband motorcycles, and a batch of cigarettes, electric appliances, productive raw materials, and other kinds of contraband articles with a total value of 600 million yuan.

In light of the serious smuggling activities in some areas, the frontier public security forces organized and readjusted their offshore antismuggling units and energetically waged struggles against the smugglers in various regions during 1995. The border division in Guangdong Province took joint actions twice to strike at iron-hull vessels that were unable to show the required "three certificates." They seized 120 such vessels and dealt heavy blows at the smuggling vessels which ran rampant in the East Guangdong areas. The various border forces in the coastal areas exchanged information; carefully studied the offshore smuggling activities in various areas under their own jurisdiction; strengthened their offshore patrol activities; and dealt smugglers with heavy blows. By taking joint interception, ambush, and surprise attack activities, the border forces in Fujian, Zhejiang, Guangdong, and other provinces seized a large amount of contraband cigarettes. On 7 April 1995, the officers and men on the "Gongbian D-4433" and the "Gongbian D-4436" coast guard vessels attached to the Shantou City Sub-Bureau worked hard on the sea for more than 10 hours and successfully cracked the major case of counterfeit renminbi. They captured three fishermen on the Taiwan "Heqingfeng" fishing boat who smuggled and sold the counterfeit currency, and seized a batch of counterfeit renminbi with a total face value of 30 million yuan.

In order to strengthen the security control of vessels going to sea, border coastal defense forces have strengthened

the control of relevant vessels and crew members by carefully checking and controlling vessel registration and crew members' domicile records and enhanced their capabilities to guard against smuggling activities. In 1995, they handled more than 9,700 vessels that failed to show all the "three certificates" needed and uncovered a total of 216 vessels that were unable to show any of the required "three certificates."

PRC: Jilin Border Defense Police Ensure Stability
SK2803022896 Changchun JILIN RIBAO in Chinese
16 Feb 96 p 1

[By Sun Jingfeng (1327 2529 0023): "Provincial Border Defense Armed Police Force Makes New Contributions to Border Stability"]

[FBIS Translated Excerpt] The provincial border defense armed police force has made contributions to the social stability and economic development of Jilin's border areas by strengthening its various work focusing on border defense duties.

In 1995, it inspected over 220,000 people, 550,000 motor vehicles, and 140 planes entering and exiting the border; prevented or investigated 290 cases on violations of border defense regulations; cracked 29 smuggling cases and three drug trafficking cases; intercepted and captured 32 smuggled cars; and seized 1,242 grams of opium. To provide more convenience to border trade, it opened the Quanhe passageway for official business in Hunchun and the Guchengli border bridge on the Sino-Russian border, and established five temporary goods delivery stations on the Sino-Korean border, despite the shortage of manpower and difficulties in life. It inspected 146,000 tonnes of goods and 138,000 cubic meters of timber in the whole year. [passage omitted]

PRC: Guangxi Border Police Crack 420 Drug, Gun Cases

OW2603133896 Beijing XINHUA in English
1241 GMT 26 Mar 96

[FBIS Transcribed Text] Nanning, March 26 (XINHUA) — Border police in southwest China's Guangxi Zhuang Autonomous Region have ferreted out 420 drug and gun trafficking cases in the past three years, local police sources said.

The police seized 155.865 kg of narcotics, 1,048 guns, 18,750 bullets and 595 grenades, as well as 106 cars and some 10,000 electrical appliances. This was all worth more than 100 million yuan (about 12 million US dollars).

They rooted up more than 600,000 illegal poppies.

The endeavour has helped maintain social stability and normal economic development in the region.

Guangxi, bordering Vietnam and boasting a 1,642-km coastline, has 18 land and sea ports and 25 border trade spots, which are also the front line in the battle against drug traffickers.

The Chinese government will attach more importance to and strengthen anti-smuggling work in order to protect the national interests and to fight against corruption, Chinese Premier Li Peng said at a national conference on anti-smuggling work last Wednesday.

In last year alone, the border police cracked 291 gun-smuggling and 889 drug cases, arresting 273 gun smugglers and 1,427 drug dealers and confiscating 2,004 guns, 956 grenades, more than 1.7 million bullets and 2,301 kg of narcotics.

PRC: Armed Police Gold Unit Reports 94 Tons of Gold Deposits

HK2803062696 Beijing JIEFANGJUN BAO
in Chinese 11 Mar 96 p 8

[Report by Chen Jixing (7115 4949 5281) and Song Xiping (1345 2450 1627): "Armed Police Force's No. 2 Gold Unit Submits Report on Nearly 100 Tons of Gold Deposit for State During Eighth Five-Year Plan"]

[PTS Translated Text for FBIS] The armed police's No. 2 gold unit has prospected a large quantity of gold deposits by relying on advanced science and technology. In recent years, the unit has submitted reports on five large and medium-sized and eight small gold deposits containing 94.31 tons of gold deposits worth over 9.4 billion yuan in potential economic value. As a result, the unit's annual per capita prospected gold deposits now ranks first in the whole country.

The armed police force's No. 2 gold unit has conducted prospecting by relying on advanced science and technology. Despite a tight budget, the unit has expended 4.56 million yuan on geological research, set up a small but competent scientific research team, and actively studied the regulations on gold mines, gold mine forecasting, new types of gold mines, and new gold prospecting methods; undertaken some 52 gold research projects; and completed some 50 gold research projects. The unit's seven research achievements have been tested and accepted by the Ministry of Metallurgical Industry. Moreover, the unit's many research achievements have attained advanced domestic standards, ranked first in the country, and received ministerial prizes. For instance, "Laws and Forecasting of Dongping-Type Gold Mines," a research project directed by Senior Engineer Song Guorui and other experts, was awarded the first-class science and technology prize by the Ministry of Metallurgical Industry.

Scientific and technological cadres account for some 58 percent of the unit's total number of cadres. The unit has made every possible endeavor to provide services and guarantees to help scientific and technological personnel tackle research bottlenecks. In recent years, some 220 scientific and technological cadres of the unit have gloriously joined the party; more than 40 scientific and technological cadres of the unit have been promoted to higher ranks; and more than 1,100 scientific and technological cadres of the unit have been awarded prizes for excellent performance. General Engineer Zhu Yanxiu of the unit's Ninth Detachment and General Engineer Wang Shizhong of the unit's 14th Detachment were awarded the Li Siguang Field Geology Prize at the third and fourth prize conferment ceremonies, respectively.

General***PRC: Long-Range Plans for State Enterprise Reform**

96CE0185A Beijing GUANLI SHIJIE
[MANAGEMENT WORLD] in Chinese 24 Jan 96
No 1, pp 151-156

[Article by Yu Dong (0151 2639) of the State Planning Commission's Long-Range Planning Office Task Force and edited by Wang Bing (3769 0365): "Thoughts on State Enterprise Reform and Development for the Ninth Five-Year Plan" — Task Force members: Yu Dong, Li Yingming (2621 2019 2494), and Yuan Xilu (5913 0823 4389)]

[FBIS Translated Text] China's state enterprises have evolved into a very strong and complete system in all fields of our national economy through four-plus decades of socialist construction. They have always played a basic, key, and leading role in our national economy, being our key source of state revenue as well as the fundamental force for supporting reform and opening, speeding up national economic growth, and ensuring social stability. Meanwhile, state enterprises have also made a crucial contribution to the rapid growth of our nonstate economy. But our state enterprise reform and development is relatively lagging, leaving our state enterprises subject to certain unavoidable difficulties and problems that are severely limiting the growth of our state economy. We need to accept on one hand that as state enterprise reform will be a long and difficult job, we cannot expect an essential improvement in the short term, while recognizing on the other that we are fully capable of gradually resolving through intensified reform the series of deeper conflicts and problems that we have run into in enterprise reform. We are setting forth below certain tentative thoughts on state enterprise reform and development for the Ninth Five-Year Plan.

I. The Guiding Ideology and Key Aims of State Enterprise Reform and Development for the Ninth Five-Year Plan

In the Ninth Five-Year Plan, our guiding ideology for state enterprise reform and development is: 1. To base our actions in running our overall state economy well, adjusting and optimizing our state asset structure to firmly control the industries that are the pulse of our national economy; 2. To make intensified state enterprise reform the key link of our economic reform, focusing on resolving priorities and difficulties to promote steady progress in overall economic reform; 3. To combine and coordinate state enterprise reform with our conversion of government functions, cultivation of a market sys-

tem, and establishment of a social security system; 4. To combine enterprise reform and technological upgrading with industrial reorganization and better enterprise management, going all out to raise overall enterprise quality.

The key aims of state enterprise reform and development for the Ninth Five-Year Plan are in the following four areas: to set the priority fields of state economic development, controlling the pulse of our national economy, and organizing and applying a strategic adjustment of our state economic structure to gradually shift in a step-by-step way our state economy from nonpriority fields to priority ones that need development; to pursue a large corporation and large group strategy, focusing on emphasizing the 1,000 large state enterprises that affect the national economy and the people's livelihood, and developing 100 large multiregional and transindustrial consortiums as the pillars of our national economy; by the end of the century, to essentially establish a modern enterprise system suited to our socialist market economy with clear-cut property rights, clear rights and responsibilities, business management separate from government administration, and scientific management, converting state enterprise operating forces to establish a vigorous state asset operating system; and while gradually improving our macroeconomic climate, to accelerate state enterprise reform, intensifying technological upgrading, improving internal management, and achieving technological modernization, scientific management, marketized operations, and socialized security in an effort to raise enterprise economic efficiency and overall social benefits.

II. On Speeding Up the Strategic Adjustment of our State Economic Structure, by Pursuing a Large Corporation and Large Group Development Strategy

1. We will optimize our state economic structure, by setting priority fields for state economic development. As called for in the State Council's "State Industrial Policy Program for the 1990's," and in coordination with our national economic development trends, our state economy ought to hold a controlling position in the following key fields:

A. Our state economy should hold the controlling position in the following industrial fields: (1) Monopoly industries such as power and tobacco; (2) Resource industries such as oil recovery, coal mining, and nonferrous metal mining; (3) Capital-intensive industries such as oil refining, chemical fibers, and ferrous and nonferrous metal smelting and refining; (4) Health lines such as pharmaceuticals; (5) A few key manufacturing industries such as large shipbuilding, manufacturing of large

complete sets of equipment, car manufacturing, and key electronics goods; (6) National security fields such as military industry.

B. Our state economy should dominate in the following tertiary industries: (1) Monopoly industries or infrastructure such as railways, air carriers, airports, ocean shipping, key ports, post and telecommunications, banking, insurance, and tobacco wholesaling; (2) Resource industries such as geological prospecting; (3) Health lines such as pharmaceutical wholesaling; (4) Public enterprises such as journalism, broadcast TV, meteorology, seismology, topography, technical oversight, and environmental protection.

C. The state economy holding the controlling position means that state enterprises ought to account for more of the added value in these fields than collective ownership or other economic categories. The state needs to focus its future financial and material input on the fields that the state economy ought to dominate, including ones that are the lifelines of our national economy such as banking, communications, railways, air carriers, electronic networks, oil, key mining, and key nonferrous metal smelting, which need to be held firmly in state hands. In key raw materials and manufacturing industries, the state needs to control only 20 to 30 particularly large enterprises in each industry to keep its dominance. The fields in which the state economy ought to dominate should change along with differing economic development stages.

D. As to many competitive manufacturing industries, the state should reduce its incremental investment, withdrawing gradually in a step-by-step way. That includes industries such as light industry, textiles, and ones not included in the fields that the state economy ought to dominate such as machinery, electronics, and certain raw materials industries. As such competitive fields bring higher investment returns, are more sensitive to market regulation, and require market competitiveness, they should depend mainly on market regulation and capital input from the public. The existing medium and small state enterprises in these fields should be reorganized into the shareholding [joint-stock] cooperative system through mergers into consortiums, contract operation, or leased operation, and be sold to collective enterprises, individuals, and overseas investors for reorganization and upgrading. The revenue from the sale of such enterprises and their holdings should be invested in fields of priority state economic development to achieve a strategic adjustment of our state economic structure.

2. To meet the needs for adjusting our industrial and enterprise organizational structures, we will pursue a large corporation and large group development strategy.

focused on emphasizing 1,000 large state enterprises and developing 100 large multiregional and transindustrial consortiums into the pillars of our national economy and our dominant force in international market competition. State Administration of State Property data published in August 1995 show that having inventoried the assets and funds of 150,000 state enterprises throughout China to rank them according to the four indexes of gross assets, net assets, sales taxes, and earned profits, the 1,000 top-ranking ones are all large state enterprises with not only their assets being absolutely dominant among gross state assets, but also their overall economic efficiency being obviously better than that of medium and small enterprises. While these 1,000 large state enterprises make up less than 0.7 percent of all state enterprises, they account respectively for 40 percent, 51 percent, 52 percent, and 66 percent of the gross assets, net assets, sales taxes, and earned profits of state enterprises throughout China. So focusing on emphasizing these 1,000 large state enterprises and 100 large consortiums will be a strategic step to develop our national economy, which will be of crucial immediate significance in consolidating the dominance of public ownership. We could consider taking the following steps:

A. The state should provide focused preference in areas such as investment and foreign exchange, giving policy support in areas such as foreign trade operations, foreign and domestic financing, and establishment of technology development centers. This will make enterprises competitive with large overseas corporations in areas such as technology, operating scale, and management. That will accelerate China's development of high-tech industry, while promoting the growth of a group of medium and small enterprises.

B. The state should give priority support to 100 large multiregional and transindustrial consortiums, urging such groups to establish a system of parent and subsidiary companies tied together by equity relations, with the parent companies having the clear liability for capital operations to strengthen the capability of parent companies in state capital operating management. The state should urge such consortiums to develop associations and mergers to increase their economy of scale, encouraging them to engage in overseas contract projects, labor exporting, and international exchange and cooperation as well as allowing qualified ones to set up overseas administrative agencies and economic entities, and letting those with overseas export rights apply for seller credit from the BOC [Bank of China] and the State Import-Export Bank. State support for such large consortiums will enable them to grow as fast as possible to participate in domestic and international market competition.

C. The state should support large state enterprises, in line with the need to establish a modern enterprise system and the provisions of the "Company Law," in reorganizing into wholly state-owned companies. Qualified ones can be reorganized into limited liability or joint stock companies limited with multiple shareholders to attract more private capital. And the state ought to support the stronger and more efficient large enterprises that urgently need to raise funds for major construction projects in getting listed both in China and abroad. This will allow the enterprises to raise domestic and overseas capital to expand their production operating scale.

D. In fields such as coal, power, oil, petrochemicals, railways, civil air carriers, and communications, we need to break up industrial monopolies, form internal competition forces, and organize a number of mutually competitive large companies and groups to lower operating costs, improve service quality, and raise economic efficiency.

E. We need to break through industrial boundaries, conducting industrial reorganization in line with the inherent links among industries, to achieve efficiency through structural adjustment and efficiency of scale. We could explore affiliations of coal with power, coal with industrial chemicals, and coal with power and shipping, studying the feasibility of organizing integrated oil recovery, refining, and in-depth refining, and considering the establishment of a multipurpose shipping network of mainly railways, highways, and waterways.

F. We need to study the pros and cons of share participation by commercial banks in large enterprises, considering whether to allow during a certain economic development period certain commercial banks to buy shares in a few large enterprises (with each bank owning less than 3 percent of an enterprise's shares), to increase the economic might of large enterprises, in order to gradually form an alliance of industry with banking. A few particularly large enterprises charged with state priority construction projects and having a huge capital flow, such as Baoshan Iron and Steel, the Three Gorges Corporation, and the Guangdong Nuclear Power Company Group, should be allowed to establish a joint commercial bank.

G. Mergers of superior enterprises to quickly expand their might is a common economic development trend in today's world. In having 1,000 large enterprises and 100 consortiums take over problem enterprises that have sustained three consecutive years of losses and are more than two years in arrears on their loans, the state could adopt the same policy on "optimizing capital structure" that it has already granted to 18 pilot program cities. In

the pilot program, the taken over enterprise is exempt from all loan interest it owed to banks before being taken over; the taken over enterprise has to draw up a plan for repaying all principal in stages, the deadline for which phased repayment is not to exceed five years and the annual payments are to be no less than 20 percent; during the planned repayment period, interest is stopped on the original loan principal of the taken over enterprise, with working capital loan interest stopped for two years and fixed asset investment loan interest stopped for three years. In short, we need to adopt certain new policies in support of enterprise mergers that are in line with state industrial policy.

H. To strengthen enterprises as quickly as possible, we need to rationally invest enterprise capital funds in large and medium state enterprises that are in need of priority state support, gradually raising their percentage of self-owned working capital to 20-25 percent, to resolve their irrational historic debt burden.

III. On Speeding Up Enterprise Technical Progress and Improving Enterprise Management

1. We need to sharply speed up enterprise technical advances to reinforce enterprise development stamina. We need to focus on the technological upgrading of key industries in our national economy, reinforcing the might of large state enterprises, to improve the overall quality of Chinese industry.

A. Enterprises ought to become the key investment players in technical progress and technological upgrading. As to competitive construction projects including many manufacturing industries, enterprises ought to act in line with state industrial policy, making their own decisions, assuming their own risks, and raising funds, building, and operating on their own through the market, with the needed loans being provided by commercial banks on their own initiative. The government sector needs to shift its direct involvement in enterprise technological upgrading to policy guidance. Such construction projects should be changed from the current system of administrative examination and approval to one of project registration for the record. We suggest eliminating the line between capital construction and technological upgrading projects to call them uniformly fixed asset investment projects.

B. We need to focus our limited resources on industries and priority products that have a key impact on our national economic development; supporting a group of superior enterprises in adopting new technologies, techniques, and materials and importing advanced equipment to make their products more competitive on the market; and bringing into full play their industries' pro-

motional and demonstration roles to translate higher efficiency of a single enterprise into better overall quality for the whole industry.

C. The state needs to draw up a clear technical equipment policy, setting a group of crucial sets of equipment that need to be based in domestic development, mainly large sets of complete equipment and automatic control systems in industries such as metallurgy, industrial chemicals, petrochemicals, power, and building materials. We need to organize users, designers, and manufacturing units to tackle key problems together, giving support in areas such as research funding, foreign exchange, and loan interest discounts as well as providing lending support for consumers that take the lead in using large complete sets of equipment that are made in China.

D. We need to set up a high-tech industry development fund, investing more in high-tech industries such as numerical controlled machine tools, communications, integrated circuits, computers, new materials, and biological engineering, and raising our depreciation rate to speed up the replacement of enterprise technical equipment.

E. We need to actively use overseas capital to upgrade our enterprise technology faster. When arranging foreign government loans, we need to give priority consideration to national priority construction projects. Premised on ensuring the state's controlling interest, we can conditionally allow large enterprises to form joint ventures with overseas firms in industries such as railways, air carriers, power, coal, oil, iron and steel, and industrial chemicals, to attract overseas capital, import advanced technology, and draw on advanced overseas management expertise.

F. We need to encourage enterprises to tackle key problems and engage in new product development jointly with college and university research departments, to translate research results into production as quickly as possible. In key industries, we need to back large enterprises in setting up a number of national technology development centers so they can track advanced world science and technology to become the leaders in their industries in introducing, assimilating, attracting, and pioneering. This will lay superior technological grounds for China's industrial development.

2. We need to improve our enterprise management to raise our overall enterprise quality. Certain enterprises are now managed poorly, subject to lax discipline, severe waste, and a lack of oversight and self-restraint forces. Some emphasize expanded enterprise operating autonomy to the neglect of converting their enterprise operating forces, improving their internal management, or accepting the need for state macroeconomic regu-

lation and control. That means that tighter control is essential.

A. We need to set up a more rigorous responsibility system, assessment system, operating procedures, and labor discipline; intensify on-site control, quality control, cost control, quota control, and standardization control; and effectively organize and control all links of production operations to make our control systematic and scientific.

B. We need to establish distribution forces combined with restraints, acting in line with the principle of efficiency first, to practice an employee payment system of more pay for more work so that output, quality, and cost targets are tied closely to pay.

C. We need to gradually set up entrepreneurial systems for annual salaries, rewards and penalties, and outgoing auditing. We need to link entrepreneurial income to enterprise operating quality, rewarding well good entrepreneurs, but investigating and affixing the operating management liability of operators who cause declining economic efficiency, losses, or bankruptcy for their enterprises. Outstanding entrepreneurs do not have to be subject to the retirement age limits for administrative officials.

D. We need to establish a professional corps of entrepreneurs, gradually forming an entrepreneur market responsible for recommendations to enterprises operators, with management quality and outstanding achievements.

3. We need to reform our enterprise personnel system, establishing forces for excellence within enterprises, to deal appropriately with our surplus enterprise personnel.

A. We need to break the boundaries between state and collective ownership employees, calling them both enterprise employees, to pave the way for normal employee mobility. And we need to break down the lines between workers and officials, making operating skill and real accomplishments the key criteria for choosing managers.

B. We need to conscientiously implement the "Labor Law," taking about two years to put the labor contract system into effect for all employees and treating this job as a key essential task for establishing a labor market. With enterprises having the legal right to hire and fire employees, the government needs to protect the legitimate authority of entrepreneurs to fire employees.

C. We need to pursue diverse reemployment avenues, to make proper arrangements for surplus enterprise employees. The job placement of cut-back personnel will require the initiative of three parties, or the government, the enterprise, and the employee, for a combination of enterprise, self, and social job placement. We encourage

enterprises to take steps such as rotation training, setting up tertiary industries, and replacing temporary workers to replace surplus personnel. And the state needs to continue to provide discount loan support for the development of a diversified economy in industries such as coal, oil, and forestry.

IV. On Accelerating Coordinated Macroeconomic Reform To Create a Good External Climate for State Enterprise Development

1. Separating government administration from business management is a prerequisite for running state enterprise well. Our current government establishment, as well as the responsibility of the government sector, has not yet become fully divorced from our system of planned economic management. Only converting the functions of the government sector will genuinely separate government administration from business management to keep government from interfering in enterprise production operations and enable enterprises to become genuine players in market competition.

A. We need to streamline our government organization, gradually reducing and merging the professional economic sector, and reinforcing the overall coordination function of the overall economic sector grounded in reducing personnel and rationalizing functions.

B. In line with the principle of the government's socioeconomic management function being separate from its state property ownership function, the government sector's current state property ownership function needs to be gradually reduced, with active exploration of rational forms of state property management and operation, and the establishment of a special organ to perform the state property ownership function.

C. Enterprises ought to operate autonomously and be solely liable for their profits and losses based on market information and state macroeconomic policy direction, instead of assuming an industrial management function. As to the current industrial management function assumed by certain enterprises, we need to gradually pave the way for it to be transferred to the government sector or industrial associations.

2. We need to tighten control of enterprise state assets. We need to practice a system of state property administration with centralized state ownership, graded government oversight, and autonomous enterprise operations, to prevent the loss and ensure the hedging and appreciation of state assets.

A. We need to draw up as quickly as possible better rules and regulations to control state assets, establishing an advanced and rational system of indexing the hedging and appreciation of state assets, and formulating a

feasible evaluation method to ensure that state assets and their rights and interests are not infringed upon. We need to strictly forbid the conversion into shares or sale of state assets at low prices, or even their distribution to individuals free of charge.

B. We need to work faster on jobs such as inventorying assets and funds, delimiting property rights, liquidating creditor [bonded] debt, and appraising enterprise capital funds, taking about two years to thoroughly investigate all enterprise state assets both in China and abroad.

C. The state economic management sector and provincial governments should act in line with their division of labor jurisdiction to oversee state assets, assigning boards of supervisors to wholly state-owned large and medium enterprises. These boards of supervisors should oversee the operation, hedging, and appreciation of state assets, recommending rewards or penalties for enterprise operators in line with state asset operating quality.

D. As to the state assets in limited liability companies or joint stock companies limited, the members of boards of directors appointed by their capital contributor agencies will be liable for the hedging and appreciation of state assets.

3. We need to solve the problem of excessive enterprise [debt] burdens. Excessive enterprise debt has many causes: (1) There is no established capital fund [cash capital] system. Certain construction projects in recent years have been completely dependent on loans or had too little cash capital, so that once in operation, their debts have piled up to the point where their output efficiency is not up to their bank interest. Certain ageing enterprises with backward technology, outdated equipment, and little self-development capability are unable to come up with the needed supplementary cash capital. (2) There is no mechanism for enterprises to augment their working capital. With some enterprises subject to severely short-sighted behavior, even to the point of having distributed and spent all of their profits, instead of having conscientiously augmented their production working capital when their efficiency was better, the additional working capital that they need for expanded reproduction is ever more dependent on bank loans. (3) There are no self-restraint forces for new investments and project starts, with some enterprises considering project starts alone instead of honestly considering debt repayments. As such conflicts are growing ever more glaring, they need to be gradually resolved.

A. We need to give overall consideration to differences in industrial features, economic efficiency, and financing capability, drawing up provisions on the cash capital percentages for project starts. Newly established state

enterprises from now on will have to put up cash capital per provision or not start up. As to the few large and medium state enterprises that currently have no cash capital input, the state or local governments should contribute capital as their [enterprise] cash capital in line with their jurisdiction.

B. As our coal, oil, railway, forestry, and war industries are facing particular problems, we could consider converting the capital used by large and medium state enterprises in these industries from the "change from appropriations to loans" into state cash capital [capitalization]. During the Ninth Five-Year Plan, we could consider refunding all income taxes paid by large and medium state enterprises in our coal, oil, and railway industries as state capitalization as well as keeping all after tax profits in the enterprises as state capitalization.

C. We need to set up a mechanism for enterprises to augment their self-owned [equity] working capital. Enterprise capital contributors should set aside part of their enterprise investment returns as enterprise equity working capital. New projects must have enough working capital or not start.

D. We need to adopt various forms of increasing capital and reducing debt for state enterprises. We could convert creditor rights into stock rights [equity], or increase capital and expand shares through the forms of limited liability companies or joint stock companies limited. Where state policy errors are determined to have created loan debts, we can stop interest and leave it on account.

E. Establishing enterprise self-restraint forces is the key to lightening the enterprise debt burden. Enterprises need to act in line with their capability when investing in fixed assets. Enterprises need to strive to improve their efficiency, looking within instead of waiting for the state alone to resolve their difficulties. When dealing with the enterprise debt burden, we need to keep from "cancelling the whole" debt, not allowing any form of a "financed debt wave" to occur.

4. We need to properly solve the problem of enterprise losses. Enterprise losses not only affect the sound growth of the national economy, but also directly limit stable revenue growth. As to the enterprise loss problem, we need to distinguish its various causes and deal with them by category.

A. As to losses determined to have been caused by policy, the liability should be assumed by the state. Upon examination and approval by the revenue sector, the state should provide the appropriate subsidies or with approval use bank bad-debt reserve funds to offset some enterprise bank loans.

B. We need to gradually rationalize the pricing order of basic industry, bringing it into line with international market prices. As prices were not rationalized in previous years, forming losses on account in basic industries such as power, coal, and oil, we need to take steps such as reducing ownership equity to resolve them, to prevent the formation of a new round of losses for the whole industries.

C. We need to focus on solving the losses of large and medium state industrial enterprises. Such enterprises involve fixed and liquid assets of 300 billion yuan, having over 7 million employees. As to large enterprises with operating losses, we need to promptly adjust the enterprise leadership, while rewarding well those entrepreneurs who can reverse losses and increase profits. For certain losing enterprises, we need to use the takeover or bankruptcy forms.

D. For certain losing enterprises with unmarketable products and severely overstocked inventories, we need to stop production and rectify, while paying employees basic subsistence wages. It is better to stop production than to create new surpluses.

5. We need to act in a step-by-step and safe way to put enterprises with more debt than equity and no prospects of reversing that into bankruptcy. Enterprise bankruptcy is an inevitable outcome of excellence through market competition, helping to give enterprises a sense of crisis so that they will improve their operation and management, as well as contributing to the realignment of production factors.

A. We need to establish sound laws, regulations, and other detailed implementation rules and regulations for enterprise bankruptcy. We need to set up a sound property rights [equity] transaction market, holding redemption auctions with fair competition to prevent low-cost sale. The state needs to study and set forth a preferential policy that will gain the overall acceptance of bankrupt enterprises.

B. When liquidating bankrupt enterprise assets, we need to consider first setting aside employee placement costs and then repaying creditor debt.

C. Bankrupt enterprise employees will receive unemployment insurance benefits while unemployed in accordance with the "State Enterprise Employee Unemployment Insurance Regulations." Employees who cannot find new jobs before their unemployment insurance runs out, but meet public relief criteria, will be paid public relief funds by local government per provision.

D. When implementing enterprise bankruptcy, we need to pay attention to preventing "phoney bankruptcies" to evade debts. During the Ninth Five-Year Plan, we

recommend that the state set aside yearly revenues of 5-7 billion yuan as enterprise bankruptcy reserve funds.

6. We need to set up a sound social security system. The establishment of a multilevel social security system will be a key guarantee for preserving social stability, promoting state enterprise reform, and speeding up economic growth. We need to act in line with the priorities and difficulties facing state enterprise reform to emphasize the establishment of sound unemployment, pension, and health insurance systems, to separate enterprise social functions faster.

A. We need to set up unemployment, pension, and health insurance systems combining overall planning with individual accounts. Both enterprises and employees need to pay a set percentage of payrolls into these three insurance policies, enjoying corresponding benefits, to ensure the subsistence needs of unemployed employees until they find new jobs. State finance at all levels needs to give the necessary support to these three insurance.

B. We need to improve our labor market, applying market-disposition forces of competitive employment, two-way choice, and rational mobility. Government needs to take steps such as job introduction, employment, and labor export to properly arrange employee jobs.

C. Large and medium cities need to actively explore ways to separate enterprise-run units such as grade and high schools, hospitals, and logistics services. Most enterprises should first separate such units internally to independent accounting, and then wait for the right time to gradually turn them over to local government management.

PRC: State Council Proposal on Counterfeit Currency Cited

OW2703101296 Beijing ZHONGGUO XINWEN SHE in Chinese 0756 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, 26 March (ZXS) — The Chinese State Council endorsed in the last few days the "Proposal for Further Strengthening Counter-Counterfeiting Currency Work" put forth by departments concerned and urged localities and departments to attach great importance to the work and fully understand the harmfulness of forged currency and the importance of the struggle against counterfeit currency, combine the crackdown on smuggling activities with that on the criminal activities of printing and selling counterfeit currency, and strengthen the work of cracking down on counterfeit currency.

The "Proposal" stressed: Customhouses at all levels should strengthen checks of the luggage of tourists entering the country, tighten controls over the renminbi carried by those leaving and entering the country, and prevent counterfeit currency from entering the country. While strengthening suppression of smuggling activities at sea, customhouse, frontier defense, and other departments should place great stress on preventing and countering the criminal activities of illegal shipment of counterfeit currency into the country and regard it as an important task of cracking down on smuggling activities. Public security departments should carry out counter-counterfeiting currency work as an important task, effectively strengthen the work of solving crimes, promptly put on record any counterfeit currency cases whenever they are uncovered and organize forces to crack them. Judicial organs should promptly try and sternly punish those selling, transporting, and putting counterfeit currency on the market according to stipulations of the relevant laws.

PRC: Property Rights Reform in Rural Enterprises Cited

OW2703133396 Beijing XINHUA in English 1203 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — China's rural enterprises have made headway in property rights reforms, providing a basis for more sustained and rapid economic development, by helping the enterprises optimize production, diversify and improve management, and increase vitality. "China Township Enterprises Daily" reported today.

The reforms began in the early 1980s as a means of transferring part of the property rights to the township level by selling shares to local people. The practice helped many industries with their financial difficulties by allowing them to buy imported equipment to accelerate technological reforms and structural readjustments.

The principal form of property rights exchange, the issuing of stock, was used in three million township enterprises across China after successful experiments were done at selected enterprises.

To increase competitiveness and expansion, some efficient rural firms set up enterprise groups by merging with other companies, or by leasing, or putting themselves up for sale.

With the reforms, many rural enterprises have improved management, worked out regulations on recruiting personnel, quality control, finances, and old-age benefits, and opened training courses for new workers. Others have improved the appraisal of their assets, or the use of their property.

In east China's Jiangsu Province, where rural industry is highly developed, the majority of rural enterprises have issued stock and smaller ones have been encouraged to merge with foreign-funded firms or profitable domestic enterprises.

In central China's Anhui Province, they have been using mortgages and a modern enterprise system in township-run enterprises on a trial basis.

More than 20 million rural enterprises have taken root across the country since 1978, providing jobs for more than 100 million unemployed farmers.

The Ministry of Agriculture's Rural Enterprises Department expects the annual growth to slow down to around 15 percent in the sector over the next five years, instead of the 30 percent average annual growth for the past 17 years. But, by the year 2000, they are expected to have an output value of 10 trillion yuan, with 150 million employees, a Rural Enterprise Department official says.

PRC: Sichuan Efforts To Manage Employment Issues Noted

HK2803075096 *Beijing CHINA DAILY in English*
28 Mar 96 p 4

[CHINA DAILY staff reporter Wang Hui "Analyzes China's employment situation, its problems and prospects"—"Sichuan Tries To Alleviate Job Pressure"; part three of five]

[PTS Transcribed Text for FBIS] Pulling his pedicab along a boulevard in Chengdu, capital of Southwest China's Sichuan Province, Old Wang was taking a young woman to her hotel, his black-and-white hair waving in the early spring breeze.

It has almost been a year that Old Wang has had to make his living pedalling the pedicab since his loss-making factory released him with a 120 yuan (\$14) monthly allowance.

With 113 million people, Sichuan is the most populous province in China. The huge population combined with an underdeveloped economy means job opportunities can hardly keep up with the ever-growing labour force.

Sichuan's unemployment rate hovers around 3.9 per cent, a full percentage point higher than the national average.

"The provincial government now attaches great importance to job creation in hopes of bringing the unemployment rate below 6 per cent during the Ninth Five-Year Plan (1996-2000)," said Guo Zhengsheng, deputy director of Sichuan's Bureau of Employment Service Administration.

According to Guo, unemployment pressure comes from four areas: the natural growth in the number of labourers, laid-off workers from bankrupt firms, surplus workers in State enterprises and surplus rural labourers.

Every year, Sichuan Province's labour force is infused with about 400,000 labourers, adding to the 300,000 jobless accumulated over the past few years.

This growing group of workers has to compete for the 400,000 available posts created by the labour department.

By the end of 1993, about 100 State firms in the province had closed down, leaving nearly 50,000 workers jobless. Unemployed people from bankrupt State firms last year alone totalled 10,000.

The large number of redundant employees in State firms also causes a headache for the labour department.

The province now has more than 10 million employed, half of them at State enterprises or collectively-owned firms.

According to statistics from labour departments, 12 to 20 per cent of the employees in State firms have been laid off. The percentage is even higher in Chongqing, Leshan and Neijiang, the province's industrial bases.

State enterprises have to take care of their redundant employees for fear that not doing so may cause social havoc.

Since the pace of introducing a free enterprise system is to be quickened this year, State firms will have to deal with more redundant workers. Re-employing these people is a thorny matter since many are old or incompetent.

People in western and central China should adopt a new attitude toward employment. To be employed does not necessarily mean one should work for the State. Although jobs with State-owned firms rarely pay well, they are still the first choice for many job-hunters, who believe such firms provide greater security.

But many other kinds of enterprises exist, such as collective and private firms, and joint ventures.

"Employment should be included in local planning for economic and social development," Guo said. "Only with the concern and support of the government can labour departments be more confident."

According to Guo, the bureau is increasing efforts in the areas of job creation, professional training, unemployment relief and assistance to labour service firms.

A regulation to standardize labour markets may be released this year.

In addition, a system is being developed to allow the unemployed to register with employment offices and receive job counseling.

The coverage of unemployment relief will be broadened to cover more collectively-owned enterprises. Individual employees will be required to shoulder the cost of the premium along with the government and the enterprises.

Starting this year, employees of State firms in several cities like Chongqing are required as part of a trial plan to pay a small sum as an unemployment relief premium every month.

The relief now covers 95 per cent of State enterprises and 20 per cent of collectively-owned firms in Sichuan.

As another way to absorb the jobless, labour service firms will be given more support. The employment bureau will see to it that the firms actually benefit from the State's favourable policies.

Collectively-owned labour service firms began to mushroom in the 1980s with the purpose of finding work for jobless youth.

Sichuan has more than 10,000 such firms with 370,000 employees.

To further promote employment, labour departments transfer labourers to other provinces or even abroad. More than 6 million Sichuanese are now working outside the province. Half of them were transferred by labour organizations.

PRC: State To Introduce New Urban Development Plans

*HK2803074696 Beijing CHINA DAILY in English
28 Mar 96 p 1*

[By Yang Yingshi: "New City Blueprints Prescribed"]

[PTS Transcribed Text for FBIS] The government has pledged to introduce new urban development plans in most cities within the next three years.

The new plans will take into account the problems many cities are facing as they rapidly expand, and will be in accordance with the long-term development programme adopted at the recent session of the country's parliament.

The nation's social and economic development strategy for the coming 15 years was approved by the latest plenary session of the National People's Congress (NPC), which closed earlier this month.

Plans for the country's more than 600 cities in the coming decade "should be targeted to serving the

interests and needs of urban residents," said Wang Jinghui, deputy director of the Construction Ministry's Urban Planning Department.

Most cities made plans during the 1980s for construction and development until 2000. Now these plans need to be modified to be compatible with the national programme.

"The plans will be characterized by their stress on sustainable urbanization, environmental protection, efficient use of land, urban traffic, and construction standards, as compared with the previous two rounds of urban planning in the 1960s and 1980s," Wang said.

Great advances have been made in drafting the new urban plans, said Wang. For example, construction projects are not allowed in certain areas for a certain period of time, and building is forbidden in areas where relics or the environment will be damaged.

The amended urban plans of 48 major cities need to pass State Council approval, while the rest are evaluated by the localities the official noted.

More than half of the cities have drawn up new plans. The proportion exceeds two-thirds in better-developed coastal areas, ministry sources revealed.

"But there is still a lot of work to do," said Wang, adding that so far only three major cities — Changsha, Beijing, and Nanjing — have had their plans pass State Council-level approval, although he did not mention those passing evaluation of lower levels.

Improved plans of six other major cities — Shijiazhuang, Zhengzhou, Fuzhou, Xian, Kunming and Shenyang — have been submitted to the State Council for approval, Wang said.

He stressed that the improvement of urban planning is "an urgent necessity" if cities are to meet the needs of the rapid social and economic changes.

Wang urged cities to pay attention to the increasing transient population when making plans.

Regarding the uncontrolled expansion of cities and the use of land without proper government approval, Wang said that "it's impractical to make plans without considering the actual capacity of the cities."

By 2010, China is expected to have more than 1,000 cities and 20,000 townships, with the urban population exceeding 40 per cent of the whole country.

PRC: New Ownership System Tried in Shenzhen
96P30145A Shanghai SHEHUI KEXUE in Chinese
15 Nov 95 No 11, pp 11-16

[Article by Li Li 2621 0500]

[FBIS Summary] A Shenzhen village is currently experimenting with a new form of the public ownership known as common ownership. Although the experiment is being carried out in a village, its practical experiences and theoretical considerations are thought to be of significance to all.

The common ownership system was introduced by Pan Qiang'en, party branch secretary of Wanfeng village. Pan himself described the system as "a new model of public ownership, characterized by the socialization of property and having diverse holders of property rights." "Diverse holders" refers to two or more holders, such as the state, corporations, units, individual employees, or individuals who enjoy ownership rights to the same property or means of production. Because a shareholding system is most appropriate for organizing property owned by diverse holders, stock companies are the direct manifestation of this new model and all types of holders can own stock.

To ensure the development and leading role of the collective economy within the system, a regulation exists that collective stocks must comprise 60 percent or more of total stocks. "Socialization of property" means that since everyone can own stock in property, that property is owned by society. The degree of socialization of the means of production is decided by the range of holders and the size of the common ownership system.

This system differs from other systems of ownership such as ownership by the people and collective ownership. Ownership by the people comes from state ownership, and has a single holder, while common ownership has diverse holders. Common ownership is an interregional, interindustrial combination of international, state, collective, and individual owners, in contrast to collective ownership, which is merely collective investment by the local masses.

One outstanding feature of common ownership is that it meets the innate requirements of public ownership. Ownership by the people, because it derives from state ownership, leads to the phenomenon of "everyone being in charge, but no one feeling in charge." Problems also arise when the relationship between ownership rights and management rights is mishandled. In common ownership, however, everyone is both a stockholder and in charge. How well the business does directly affects everyone's financial situation, encouraging the workers to

take more initiative. Increased profits stimulate investment leading to a cycle of investment, development, returns, more investment, and more profit, thus continually developing production capability.

Another advantage of the system is that it allows several types of ownership systems to work in tandem. It is particularly suited to China's current situation in which there are several types of owners and systems, such as the state-owned economy, collectives, privately-run business, entrepreneurs, and the foreign-invested sector. Common ownership can both strengthen the position of public ownership and enhance the role of the various systems.

In 1988, when Wanfeng village combined distribution according to work with distribution according to stocks, 60 percent of the people became stockholders, while 40 percent lacked the necessary funds to do so. The party branch office and committee then loaned 5,000 yuan to each of these people so that they too could become stockholders. Consequently all villagers now have three sources of income: salary, individual stock, and collective stock. As a new form of public ownership, it also has an important practical significance for modern socialism.

PRC: Conference Urges 'Faster Reform' of Ports System

OW2703145796 Beijing XINHUA in English
1434 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Faster reform of China's port administration system, in an effort to cope with increasing international trade, was urged at a national conference in Beijing today.

The conference, attended by customs officials, commodity inspectors, and other port authorities from across the country, concluded that the reform of the present port administration system is a constitutional part of China's economic reform, and that the operation of ports must be efficient and in accordance with international practices.

The conference also called for strengthening the comprehensive administration of ports, and improving coordination between different port authorities. It also demanded that local governments grant port authorities the necessary means for that purpose.

China had already opened 229 border crossings and marine and airports to foreign people and vessels by the end of 1995, which has been very helpful to China's trade, tourism and other international exchanges.

However, the conference pointed out, some of the ports have not been running very well economically, as their passenger and cargo flows had been very slim.

The conference called on the authorities to improve the planning of ports, and be prudent in the approval of new ports.

As to the demands for opening inland cargo transport ports in central and western China, the conference considered that experiments must be done before large-scale work projects can be started.

PRC: Oil, Gas Output Forecast for 1996 Noted

*OW2703125596 Beijing XINHUA in English
1227 GMT 27 Mar 96*

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — China is expected to produce 14 million tons of offshore oil and 3.15 billion cubic meters of natural gas this year, a 66 percent and 700 percent rise over the 1995 figure, respectively, official sources said here today.

And by the end of the century the country's oil and gas industry will be a billion-dollar earner for the country.

This year's production targets represent a major breakthrough in the 14 years of the country's offshore oil development, said Wang Yan, president of the China National Offshore Oil Corp. (CNOOC), in an interview with XINHUA today.

The CNOOC president said China is enjoying a sustainable and effective development in offshore oil production, with all 19 offshore oil-gas fields operational in the waters of the Bohai Sea, Yingge Sea and Beibu Gulf.

Wang expects the ratio of offshore oil output in the country's annual total oil output to rise sharply from 6 percent in 1995 to 10 percent this year.

The country's offshore oil production is entering a harvest phase, and bigger achievements are expected for the next five years, in which, another 10 offshore oil and gas fields will be put into operation in the waters of Bohai Sea and the South China Sea.

Predictions are that 54 million tons of crude and 26 billion cu m of gas will be produced during that period.

To boost oil production, the CNOOC said, the decision makers of China's offshore oil industry are planning to invest 26 billion yuan in the next five years in 23 offshore oil derricks, 500-km-long submerged pipelines, five onshore oil terminals, and 240 offshore oil wells.

In addition, utilization of offshore oil and gas resources will also be stimulated in the same period. As part of the drive, a huge ethylene petrochemical project, with a

total investment of 6.5 billion U.S. dollars, and a large fertilizer project with a total investment of 2.5 billion U.S. dollars, will be launched this year, he said.

The CNOOC has gained huge economic returns, the official said, adding that the total output value this year is forecast to hit 10 billion yuan, twice the figure of the previous year, he added.

By the year 2000, The CNOOC will be able to pay off all its loans, and, even after production costs are deducted and creditors paid, its offshore oil sector is expected to have a net income of 4.5 billion U.S. dollars by the turn of the century.

PRC: Chemical Industry Sets Development Targets

*OW2803010896 Beijing XINHUA in English
1608 GMT 27 Mar 96*

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — China today unveiled its blueprint for the country's chemical industry until the year 2010.

The formula for the industry includes building new major chemical plants, undertaking crucial projects, and attracting more overseas chemical giants to have a stake in the industry's future.

The development plan for China's chemical industry in the Ninth State Five-Year Plan period (1996-2000) and the years up to 2010 may be summarized as three focal points, six points of strategy and seven projects, said Cheng Siwei, vice-minister of chemical industry.

In an exclusive interview with XINHUA, vice-minister Cheng said that the first focal point is the development of chemicals for agricultural use. These include fertilizers, pesticides, plastic films, feed additives and food additives.

The second focal point is the development of petrochemicals, such as ethylene and aromatic hydrocarbons, including benzene, toluene, and their derivative products, Cheng said.

The third focal point is the development of fine chemicals, he added.

The vice-minister said that the chemical industry will be developed according to the following six-point strategy:

— To restructure the chemical industry, particularly the petrochemical industry;

— To readjust the regional distribution of the chemical industry by building, or expanding, 18 large chemical industrial bases, and 15 fine chemical industrial bases, such as the chemical fiber base in Yizheng, the biochemical and dye base in Suzhou, and the large chemical bases in Jilin and Dalian;

— To open wider to the outside world, striving to bring the total amount of overseas capital actually used to 10 billion US dollars, with the export value increasing to 10 billion US dollars, and the number of export-oriented enterprises up to 100.

So far, China has approved 5,000 foreign-funded chemical industrial enterprises. It has also signed contracts with the 13 biggest foreign chemical companies for long-term cooperation. More and more large chemical firms are investing in China.

— To strengthen research and development, and education;

— To train more chemical industrial entrepreneurs and academic leaders;

— To develop new technology that will make the use of resources more efficiently, while protecting the environment.

The vice-minister said that China will undertake seven major chemical projects. They will be chemical fertilizers, pesticides, fine chemicals, petrochemicals, ion film caustic soda, radial-ply tire and chemical industrial equipment.

The chemical fertilizers project is aimed at increasing the national annual output of pure chemical fertilizers to 28 or 29 million tons, from the present 24.5 million tons. To reach the goal, a batch of old enterprises of chemical fertilizers will be upgraded, while some new plants will be built in Hainan and Xinjiang, to make use of the locally available rich deposits of natural gas.

The pesticides project is aimed at developing highly-efficient, low-toxic pesticides, which protect the environment. For this goal, southern research bases will be built in Shanghai, Zhejiang, Jiangsu and Hunan with the help of the State Science and Technology Commission, while northern research bases will be built in Shenyang and Tianjin, with the help of the State Planning Commission.

The project for fine chemicals is aimed at increasing the national annual output of ethylene to 4.2 million tons by 2000, from the present 2.43 million tons, to provide more raw materials for production of synthetic fibers, as the country's production output of cotton will not increase by a big margin during the 1996-2000 period.

The project for ion film caustic soda is aimed at bringing the proportion of ion film caustic soda in the total caustic soda output, up to 25 percent by 2000, as against the current 10 percent.

The project for radial-ply tire production is aimed at boosting radial-ply tire manufacturing to 35 percent of

the total tire output in the country, as compared with 11 percent at present.

The project for chemical industrial equipment is aimed at raising the output of the equipment, and adopting advanced technology, such as distribution control systems and computer integrated manufactured systems.

In science and technology, vice-minister Cheng said, emphasis will be put on popularizing 30 items of mature technology, building demonstration plants with eight items of domestic technology, tackling ten technical problems, including coal chemical industrial technology, and strengthening research on nine items of key technology, which include new catalytic technology, new separating technology, new biotechnology, computer technology for chemical industrial use, precision processing technology, new energy-efficient technology, and new environment-protecting technology.

PRC: Economic Losses From Natural Disasters in 1995

OW2603154896 Beijing ZHONGGUO XINWEN SHE in English 1230 GMT 26 Mar 96

[FBIS Transcribed Text] Beijing, March 26 (CNS) — Economic loss caused by natural disasters amounted to RMB [renminbi] 186.3 billion (about US\$ 22.39 billion) in 1995.

According to the statistics of the Ministry of Civil Affairs, the State Statistical Bureau and the National Meteorological Bureau, 680 million mu (45.33 million hectares) of arable land was affected by natural disasters; 330 million mu had a 30 percent plus reduction in output; and 84 million mu saw output reduced by over 80 percent in 1995. Some 240 million people were affected and 5,561 died; 1,377 million were affected by floods; and 10 million were forced to relocate as a result of nature's intervention.

Last year, floods, hailstorms, snowstorms, typhoons and earthquakes occurred. Torrential rain fell continuously in the south, while droughts occurred in the north. Spring droughts continued through the summer in some regions causing rivers and reservoirs to dry up. Last year, the Dongting Lake area in Hunan Province, the northeast and western parts of Hunan, Jiujiang and Shangrao in Jiangxi were subjected to several natural phenomena. Last autumn saw droughts in Shaanxi, Gansu, Ningxia, Inner Mongolia, Shanxi and Henan, while floods inundated many cities and towns.

Last year, the Ministry of Civil Affairs and the Ministry of Finance allocated relief fund of RMB 1.9 billion (about US\$ 228 million) for natural disaster victims. Local governments also allocated RMB 850 million (about

US\$ 102 million) for grain, clothing, bedding, housing, medical services and the temporary resettlement of victims. More than 10 million victims were resettled nationwide.

Finance & Banking

PRC: Status of Renminbi Convertibility Explained
HK2803054996 Beijing RENMIN RIBAO in Chinese
 8 Feb 96 p 2

[Article from "Financial and Economic Square" column by Lu Nanping (7120 0589 1456): "What Is Renminbi Convertibility?"]

[PTS Translated Text for FBIS] Currency convertibility refers to the convertibility of a country's currency to a foreign currency or means of payment in a foreign country. The convertibility of a country's currency is mainly determined by the country's economic strength; at the same time, it is also the country's system of exchange control and a policy choice. The convertibility of a country's currency can be divided into several categories, namely, full convertibility, capital account convertibility, and current account convertibility. The convertibility of the renminbi [RMB] before 2000 that China has proposed is current account convertibility; it is neither capital account convertibility nor full convertibility.

What is current account convertibility? Simply put, with regard to foreign exchange in constant use by Chinese citizens for imported goods and services, or travel outside the border, or supporting dependents abroad, the government allows conversion of its currency to some foreign currency to remit to places outside the border without restriction. This implies: First, current account convertibility is confined to allowing remittance of foreign exchange in current accounts but not the free exchange of RMB for foreign currencies. Second, with regard to remittance of foreign exchange in current accounts, although the examination and approval procedures by administrative departments are dispensed with, where remittance and exchange of foreign currency is involved, those concerned must prove to designated banks operating in foreign exchange the genuine need for such remittance and exchange of foreign currency; for example, should some individual go abroad and need to convert a certain amount of RMB to foreign currency, he must present a valid exit visa, while one requesting import exchange payment must present an import permit. Third, current account convertibility does not equate to capital account convertibility. At present, and for a certain period to come, China will continue to implement control over capital from outside the border in making investment in China or Chinese investment

in foreign countries. If foreign businessmen come to China to make direct investment, we shall conduct examination and approval based on the industrial policy in existing regulations; in taking out loans from foreign countries, planned quota management is practiced, and item by item examination and approval of foreign investment is implemented. With regard to control over current accounts, quite a number of countries with developed market economies have not entirely given it up. Many countries have implemented capital account convertibility in the wake of implementing current account convertibility. This has been going on for 10 to 20 years, but the IMF has not made any rigid requirements of its member countries regarding capital account convertibility. Obviously, China has no need at the present time to stipulate a timetable for capital account convertibility. Fourth, although the government cannot restrict individual residents' needs to exchange foreign currency for travel outside the border, studying or living abroad, and supporting dependents overseas, reasonable amounts for such needs can be stipulated.

Generally speaking, when a country institutes current account convertibility, that country's currency can be said to have realized convertibility.

What does realization of RMB convertibility signify? Primarily, it is a component of the general goal of building a socialist market economic structure, which calls for the market to play the fundamental role of resource allocation. Foreign exchange is an important resource. To give play to the basic role of foreign exchange through the market, it is imperative to eradicate the planned distribution system of foreign exchange, and lift restrictions on remittance and exchange of foreign currency. Second, RMB convertibility is a requirement of opening up to the world. From now on, enterprises will participate more in the international division of labor and competition in the world market, and they must be allowed to respond to the world market on their own. Should every foreign payment come under administrative examination and approval, the enterprise will lose favorable opportunities. RMB convertibility will promote the convergence of domestic and foreign price systems and linking of domestic and foreign markets, thus conducing to conversion of enterprise managerial mechanisms. In addition, achieving RMB convertibility shows that the government is able to maintain international balance of payments through economic means and is an expression of confidence in its political stability and economic development.

The realization of currency convertibility is an important step in the progress of economic development of many countries. In 1994, China implemented a series of important reforms in foreign exchange control structure;

the dual-track exchange rate was abandoned with the implementation of a unitary exchange rate; the planned distribution of foreign exchange was done away with, and exchange for foreign payments in trade or related to trade is carried out directly, with a valid certificate, at designated banks in charge of foreign exchange. The current reform is an aspect of building the socialist market economy as well as an important measure for realizing RMB convertibility. Two years have passed since 1994. Because of the proper macroeconomic policy of the state, and proper design and implementation of a series of measures for reform in foreign exchange, China's international balance of payments is in a sound condition, the exchange rate is basically stable, and the state's foreign exchange reserves are enjoying sustained growth. Reform of the foreign exchange structure has stood the test, which also means that the RMB has stood the test of current account convertibility. Through reform of the foreign exchange structure in 1994, China's foreign exchange administrative system is very close to Article 8 of the IMF accord, that is, it is very close to RMB convertibility.

IMF experts believe that, at present, the remaining gap for China to realize RMB convertibility is chiefly the requirement for enterprises with foreign investment to achieve a balance of foreign exchange on their own, plus several restrictions on nontrade remittance and exchange. Compared with the restrictions listed in the 1994 reform of the foreign exchange structure, these restrictions are relatively minor. We are sure to gradually lift the remaining restrictions and realize RMB convertibility before the year 2000.

PRC: World Bank Funding Shanxi Antipoverty Project

OW2803060896 Beijing XINHUA in English
0530 GMT 28 Mar 96

[FBIS Transcribed Text] Washington, March 27 (XINHUA) — The World Bank today approved a credit equivalent to 100 million U.S. dollars to finance a poverty alleviation project in China's Shanxi Province.

The Shanxi provincial government plans to reduce poverty in the province over the next five years by increasing the area of cultivable and irrigated land, developing agro-industries, improving rural infrastructure, and encouraging integrated development of orchards, forests and ruminant livestock.

The credit will be provided by the International Development Association, the World Bank's concessionary lending wing for developing countries.

"The project is an example of the World Bank's strategy in areas where farmers are extremely poor today, but

where appropriate and well-targeted investments can ensure a future for their children," said World Bank Task Manager Juergen Voegelé.

About 3 million rural dwellers in two prefectures of the province are expected to benefit from the project.

The provincial and local governments will share the remaining cost of the project, whose total is estimated at 182.8 million dollars.

PRC: Hong Kong-Shanghai Bank Opens Office in Sichuan

OW2703144996 Beijing ZHONGGUO XINWEN SHE
in English 0541 GMT 27 Mar 96

[FBIS Transcribed Text] Chengdu, March 27 (CNS) — The Hong Kong and Shanghai Banking Corporation Ltd today sets up its representative office in Chengdu, capital of Sichuan Province, bringing the number of foreign-funded financial institution offices in Sichuan to eight.

At the opening ceremony this afternoon, Lam Kei-lee, General Manager of the Corporation's Hong Kong and China affairs, said that the Corporation had had ten offices in mainland China to date, including six branches in Shanghai, Beijing and Shenzhen and four representative offices in Dalian, Wuhan, Guangzhou and Chengdu. The Chengdu office will be set up in Jinjiang Hotel.

Li Dachang, Deputy Provincial Governor of Sichuan, expressed his congratulations for the establishment. He said that this would be favourable for the introduction of foreign capital for economic development in Sichuan and play an important role in promoting financial ties between Sichuan and international community.

Foreign Trade & Investment

PRC: Wu Yi Discusses Trade, IPR Protection

HK2803090596 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 11 Mar 96 p 3

[Report by staff reporters Li Jianxing (2621 1696 5281) and Dong Hongliang (5516 3163 0081) on a press conference conducted in the news room of the Great Hall of the People at 1000 on 9 March 1996: "Protect Intellectual Property Rights and Promote Development of Foreign Trade and Foreign Economic Relations—MOFTEC Minister Wu Yi Answers Reporters' Questions"]

[PTS Translated Text for FBIS] [Reporter] What influence will the recent military exercises have on the economic and trade relations between the two sides of the strait?

[Wu Yi (Ministry of Foreign Economic Relations and Trade [MOFTEC] minister)] Peaceful reunification and "one country, two systems" are policies which are already set, and developing economic and trade relations between the two sides of the strait is an important aspect of the great cause of realizing the reunification of the motherland. As Li Teng-hui visited the United States and openly created "two Chinas" or "one China and one Taiwan," the relations between the two sides of the strait saw a rigid and tense situation. This directly affected trade and economic relations between the two sides of the strait. Since the second half of last year, the development of trade between the mainland and Taiwan has been affected, and the amount of investment from Taiwan businesses absorbed by the motherland's mainland has declined. The distressing situation which has appeared in economic and trade relations across the strait is something which we did not want to see. However, the responsibility does not lie with our side. We are willing, when the atmosphere between the two sides of the strait is suitable, and with appropriate status, through an appropriate form and at an appropriate place, to have contact with relevant Taiwan parties and to have discussions on economic and trade relations between the two sides of the strait, and on the question of direct trade between the two sides of the strait.

[RENMIN RIBAO reporter] How are our country's "duty-security system [tai zhang zhi du 0669 1600 0455 1653]" experimental points developing?

[Liu Shanzai (MOFTEC vice minister)] Since the beginning of reform and opening up, our country's foreign economic relations and trade have seen very swift development. Of all areas, the processing industry trade has seen the swiftest development. According to statistics, in 1995 processing trade accounted for 47 percent of the total volume of imports and exports. In order to ensure that processing trade sees healthy and more standardized development, the State Council has decided to implement a bank guarantee duty-security system in respect of processing trade. Seen from the three experimental points of Suzhou, Ningpo and Dongguan, the results are satisfactory. In one respect, this guarantees the normal operation of processing trade and, in another respect, according to the comments made by processing trade enterprises, this does not increase the difficulties of processing trade enterprises and does not place greater burdens on them. In the three experimental-point cities, processing trade has not declined as a result of the implementation of the duty-security system but, on the contrary, has seen healthy growth. The "duty-security system" will be implemented in an overall way in the second half of the year.

[Reporter, after the session] What work has China done in respect of protecting intellectual property rights? What is your opinion of those countries who ignore China's measures in this respect?

[Wu Yi] The Chinese Government pays great attention to protecting intellectual property rights. The Chinese Government believes that protecting intellectual property rights has major significance and will play a guiding role in promoting scientific and technological progress, cultural prosperity and economic development. Protecting intellectual property rights will allow our socialist market economy to function normally, and will also create a fine environment and provide beneficial conditions for developing international scientific, technological, economic, and cultural exchanges. The Chinese Government considers the protection of intellectual property rights to be a major component of reform, opening up, and the establishing of a socialist legal system. In order to establish world-class laws for protecting intellectual property rights as quickly as possible, the State Council has established an intellectual property rights council system, while the various localities have established corresponding administrative management organs. Many of our provinces, cities and regions have established intellectual property rights judicial courts, while the Supreme People's Court is going to establish a judicial organ for dealing with intellectual property rights. We have sternly struck at activities which violate such property rights, sorted out and readjusted all compact disk production factories and closed down some compact disk factories which violated property rights. Some of the persons involved have been detained and been subject to criminal punishment. Further, we have sent two supervisory officials to each production factory, and we regularly switch these supervisory officials so as to ensure that no problems occur. At the same time, in order to ensure that the broad masses are fully aware of and understand the policies protecting intellectual property rights, we have carried out wide-ranging propaganda and education. These efforts by the Chinese Government aimed at protecting intellectual property rights should be recognized by all who have eyes. However, some countries, proceeding from domestic political demands, ignore these efforts by China, assume a hegemonistic visage and try to institute retaliation. China absolutely cannot accept this. If there are problems in the economic and trade relations between countries, our hope is that the problems will be resolved in accordance with the principles of mutual

respect and consultation between equals. If any country indeed intends to adopt retaliatory practices, we will, in accordance with the old Chinese saying "it is impolite not to reciprocate," also retaliate.

MOFTEC vice-ministers Shi Guangsheng [4258 1639 3932] and Sun Zhenyu [1327 2182 1342] also answered reporters' questions on similar topics.

PRC: 'Tidal Wave' of Counterfeit CD's Sent Overseas

HK2803061496 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 8

[By Glenn Schloss]

[PTS Transcribed Text for FBIS] Worsening compact disc piracy in China and Hong Kong has sent a "tidal wave" of counterfeits overseas, computer software companies said yesterday.

More than a year after Beijing signed a deal with the United States to avert a trade war, the Business Software Alliance said Washington should retaliate with sanctions against Chinese authorities' "woefully little progress" in stemming the production of bogus discs.

The association also escalated a war of words with Governor Chris Patten by releasing a letter which accused him of failing to use a speech defending the territory's record to tell pirates they would be stamped out.

Association president Robert Holleyman, on a visit from Washington, said the problem had deteriorated in China despite an agreement to close down factories producing counterfeits.

Estimates suggested there were now 32 CD plants producing fake discs, compared with 28 this time last year, he said.

"It's a tidal wave of counterfeit goods that are being produced in China and being distributed elsewhere in the world," said Mr Holleyman.

He said the alliance would like to see China retain its Most Favoured Nation trade status but said the US should retaliate against China "sooner rather than later" over intellectual property violations estimated to cost software producers US\$527 million (HK\$4 billion) in 1994.

This would involve producing a list of Chinese goods which would be subject to possible trade sanctions to offset the losses suffered by American companies.

Hong Kong acts as a major distribution point for pirated software, and the alliance said it was investigating the involvement of territory figures and companies in cases

of bogus discs found in the US, Australia, Singapore, Britain and Finland.

"Today, the problem is greater in Hong Kong than it was a year ago," he said.

Record seizures of discs were made last year when 592,000 CDs, CD-ROMs and video CDs worth HK\$35 million were impounded in Hong Kong.

As industry groups lobby Washington to put Hong Kong on a watch list of tradg blackspots, the Government has launched an offensive against the pirate trade.

A Customs blitz this month resulted in 124 arrests and the seizure of 39,362 CD-ROMs, 26,121 video CDs and other CDs, worth a total HK\$6.2 million.

PRC: 'Comparatively Complete' IPR Law System in Place

OW2803014696 Beijing XINHUA in English 0030 GMT 28 Mar 96

[FBIS Transcribed Text] Tianjin, March 28 (XINHUA) — An increasing number of Chinese enterprises are relying on laws to protect intellectual property rights (IPR).

Since last June, when an IPR Court was established in Tianjin, 43 cases involving trademarks, copyright, packaging and product design, have been dealt with.

Li Baoming, deputy presiding judge of the court, said that though judicial practice in the field of IPR does not have a long history in China the country now boasts a comparatively complete IPR-related law system, which is helping to win the trust of more and more enterprises.

Li said that in a planned economy era, manufacturers and exporters used to create, and cash in on one trademark. But in a market economy their interests are now separated, and as a result the problem of who should inherit the trademark has to be determined by legal means.

Tianjin, the biggest industrial city in northern China, boasts over 21,000 registered trademarks, and 7,000 authorized patents, as well as thousands of scientific achievements registered in recent years.

PRC: Increases Projected for 1996 Foreign Investment

OW2703143396 Beijing ZHONGGUO XINWEN SHE in English 0507 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (CNS) — According to an official from the State Economic and Trade Commission, foreign investment in China will continue to rise in 1996. Both contracted and actual

foreign capital used would increase by 5 and 7 percent to US\$ 95 billion and US\$ 39.5 billion respectively.

In 1996, the areas into which foreign investment would be encouraged would be altered in line with state policy. Primary, secondary and tertiary industries would receive such funds in the ratio of 2:49:49. The thrust of economic development was moving westwards, so foreign investment in the central and western areas would increase. It is predicted that coastal regions will attract less than 80 percent, or US\$ 31 billion, of foreign funds while the inland areas receipts would account for over 20 percent or US\$ 8.5 billion.

These predictions have been made on the basis of three premises. First, rapid economic growth has created a huge market and great investment potential. Secondly, the circulation of international funds had increased. Thirdly, China had further opened its doors to the foreign investor and the investment environment had again improved. Fourthly, the policy in the central and western areas favoured foreign investment.

The official was addressing the "1996 China Economic Policy and Market Development Trend Prediction Conference for Focal Industries" organized by the China Association of Entrepreneurs and the Beijing-Taiwan Economic Research Centre.

PRC: Japanese Businessmen Urge Increased Economic Ties

*OW2603164796 Beijing XINHUA in English
1602 GMT 26 Mar 96*

[FBIS Transcribed Text] Tokyo, March 26 (XINHUA) — An influential Japanese trade organization said today that Japan should strengthen its economic and trade cooperation with China, especially in the fields of agriculture, transport, energy, communication and environment.

Ywao Nakada, chairman of the Japanese Association for the Promotion of International Trade, made the remarks when he was outlining the association's policy and plan for 1996 at a plenary session.

He said the association will encourage Japanese businesses to invest in China so as to push bilateral economic and trade relations to a new stage.

While Japan needs to expand the imports from China, especially the key products of petroleum, food and fibre, it should encourage the imports of new Chinese products, he said.

Ywao believed that as China is shifting its economic emphasis to its western regions, Japanese enterprises should also increase their investment there.

He proposed that the association further strengthen the studies of China's investment climate, hold more business talks, furnish its members with more information about the Chinese economy, and train more specialized personnel for Japanese businesses investing in China.

PRC: Sino-Japanese Economic Conference Closes in Kunming

*OW2603164896 Beijing XINHUA in English
1613 GMT 26 Mar 96*

[FBIS Transcribed Text] Kunming, March 26 (XINHUA) — China has transformed a massive trade deficit with Japan into a level pegging cross trade link, an economic conference has been told.

The tenth round of the Sino-Japan economic and trade consultative conference has closed in Kunming, capital city of southwest China's Yunnan Province.

Since the establishment of the Sino-Japan economic and trade coordination committee of China, and the Japan-China trade expansion agreement committee of Japan ten years ago, a consultative conference has been held either in China or in Japan, negotiating and solving problems in Sino-Japan trade development, every year.

Statistics show that in 1986, the trade volume between China and Japan was only 17.21 billion US dollars, with China's trade deficit hitting 7.65 billion US dollars.

But in 1995, the trade volume reached 57.46 billion US dollars, and a balanced trade development was almost achieved between the two sides.

Members from both sides agreed that the further development of economic and trade relations between China and Japan will be beneficial not only to the two countries, but also to the economic development of the Asia-Pacific region, and the whole world.

They also said that they will continue to cooperate with each other, and push forward bilateral economic and trade exchanges.

PRC: Foreign-Funded Firms To Retain 'Special Treatment'

*OW2703135396 Beijing ZHONGGUO XINWEN SHE
in English 0507 GMT 27 Mar 96*

[FBIS Transcribed Text] Beijing, March 27 (CNS) — Special treatment will be given to foreign funded enterprises approved to be established in China prior to the introduction of new foreign trade regulations, said today a senior official from the State Economic and Trade Commission.

A sharp cut in import tariffs, the official said, is made to meet the needs of China's reform and development. The decision was also in line with international practices.

The official noted that the original taxation policy, under which different tariffs were paid by different enterprises, did not accord with the principles to fair competition nor with the establishment of a fair market economy.

The tax adjustment will bring the economy more into line with international practices and is believed to be understood and supported by foreign investors, the official said.

The Chinese official admitted that cancellation of tariffs on imported equipment and other tax concessions would increase the cost shouldered by foreign investors. With implementation of the new regulations, special treatment would be given to foreign funded projects that have been already approved by China prior to the introduction of the regulations. The official, however, stopped short of giving details about the special treatment.

Speaking at a seminar on China's economic policy and development, the official said China would make some changes in its policy relating to foreign capital.

In addition to lowering import tariffs, China would direct foreign capital into those sectors favoured by state industrial policy. Foreign businessmen were encouraged to invest in existing state owned enterprises especially those of medium and large size, in order to speed up their reorganisation. Foreign capital would also be encouraged to go to central and western China.

PRC: U.S. Pharmaceutical Firm To Increase Investment

OW2703095496 Beijing XINHUA in English
0938 GMT 27 Mar 96

[FBIS Transcribed Text] Hangzhou, March 27 (XINHUA) — The U.S.'s Merck & Co., Ltd, the world's largest pharmaceutical company, intends to increase its investment in the lucrative China market.

In 1992, the company set up Merck Sharp & Dohme (China) Ltd. In Hong Kong in a bid to help Merck increase its share of the China market.

Merck, which has offices in Beijing, Shanghai, Guangzhou, and Shenyang, had 16 million US dollars in sales in China in 1995.

It joined a company in Hangzhou, capital of east China's Zhejiang Province, in setting up the Hangzhou MSD Pharmaceutical Co., Ltd. In 1994, its first joint venture in China.

With total investment of 26.26 million US dollars, the joint venture began operations in July of last year,

producing "Proscar", "Zocor", and "Sinemet", which had sales of 18 million yuan in the second half of last year.

It is expected to produce 100 million tablets this year to double its output value.

Merck is looking for more partners in China to produce antibiotics, vaccines, and medicines for ophthalmology.

Merck Sharp & Dohme (China) also set up service organizations and a scientific research fund in China to improve its development in the country.

PRC: U.S. Computer Company Enjoys Growing Share of Market

OW2703122396 Beijing XINHUA in English
1147 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — A leading American computer company, NCR, had a sales volume of 60 million US dollars in China last year, giving it a growing share of the computer market here.

James Chen, president of the company's China division, said that the company sold 16 million US dollars' worth of automatic teller machines in China last year, up 70 percent from the previous year.

He said the company's products are widely used in major financial institutions in China, and it will expand its computer applications business for the fields of finance, retail sales, and telecommunications in the coming years.

Chen said that NCR is developing an electronic payment system designed for Chinese banks. It will be put into production by the end of this year.

NCR's ambitious expansion plans could bring more competition for integrated computer systems, putting pressure on the major players, such as DEC and Hewlett-Packard, say computer market analysts here.

Ranking fifth in the world in computer companies, NCR was merged with AT&T in 1991, but will become independent again by the end of this year, when AT&T is restructured.

PRC: Ministry Lists Zhenjiang Port as 'Pivotal'

OW2503140096 Beijing ZHONGGUO XINWEN SHE
in English 0403 GMT 25 Mar 96

[FBIS Transcribed Text] Nanjing, March 25 (CNS) — Zhenjiang Port, one of the ten largest in China, has been included in the Ministry of Communications' general planning for pivotal ports.

This means that Zhenjiang Port, located at the convergence of the Chang Jiang and the Grand Canal, has become an important "window" for the development of the export-oriented economy of Jiangsu Province and neighbouring regions.

Zhenjiang Port has been open to foreigners for ten years. Completion of the first and second stages of construction has endowed the port's four areas, namely Laogang, Gaozi, Jianbi and Dagang. There are 126 berths, 11 of which are deepwater and can accommodate 10,000 tonne vessels.

Last year, the Port's handling capacity reached 15 million tonnes. When the third and fourth stages of the Dagang area are completed, the number of 10,000 tonne deepwater berths will double.

Shipping lines operate more than 40 countries. Direct freight transport routes to Hong Kong and Japan have been developed. The port serves container traffic and various types of international through transport. Customs, commodity inspection and port-health clearance services are comprehensive.

With Zhejiang being joined to the Shanghai-Nanjing Railway last year, communications have further been improved.

PRC: Xian To Introduce Australian Pollution Technology

OW2603153996 Beijing ZHONGGUO XINWEN SHE in English 1313 GMT 26 Mar 96

[FBIS Transcribed Text] Sydney, March 26 (CNS) — Xian, capital city of Shaanxi province in northwest China, plans to introduce advanced natural gas technology from Australia to tackle the problems of air pollution.

Cui Lintao, Director of the Xian Municipal People's Congress, is presently visiting Australia.

Together with a delegation of seven, he had broad-based exchanges with Australian industry and commerce a few days ago. Negotiations concerning Sino-Australian cooperation in natural gas technology were conducted.

Xian is famous for the historic sites that millions from the mainland and overseas visit each year.

However, this famous ancient capital is facing serious air pollution problems. It still uses coal as its main source of fuel while car pollution is increasing.

The discovery of large high-quality natural gas fields in the northern part of Shaanxi has brought hope for "fuel reform" in Xian. The authority concerned plans that Xian will change from a "coal city" to a "natural

gas city" by 1998. The use of natural gas in cars will also be explored.

Xian is interested in technology related to the concentration and liquefaction of natural gas as well as Australian modifications to the internal combustion engine in the hope that the same can be introduced into Xian in the near future.

PRC: French Firm Invests in Sichuan Gas Meter Joint Venture

OW2803091296 Beijing XINHUA in English 0902 GMT 28 Mar 96

[FBIS Transcribed Text] Chongqing, March 28 (XINHUA) — The Schlumberger Group of France has invested 4.7 million US dollars in a joint venture to produce gas meters in this major city in southwest China's Sichuan Province.

With 65 percent of the investment from Schlumberger, the Chongqing Schlumberger Meter Co., Ltd, a joint venture between Schlumberger and a local company, is expected to produce 300,000 gas meters for household and industrial use per year when it becomes operational next year, and as many as 600,000 in 1999.

It will import technology from Schlumberger to produce, market, and serve gas meters, pressure regulators, gas pipelines and relevant equipment.

It plans to build Chongqing into a base for gas-related products and to export the products to other countries in Asia and other parts of the world.

With headquarters in Paris and New York, the multinational Schlumberger is a world leader in output and sales of gas, water, and electricity meters.

Rich in natural gas, 70 percent of Sichuan's more than 15 million population use gas. It has been learned that during the coming five years, the number of people using gas in China will exceed 150 million.

PRC: Foreign Investment in Tianjin Free Trade Zone Noted

OW2803014596 Beijing XINHUA in English 0013 GMT 28 Mar 96

[FBIS Transcribed Text] Tianjin, March 28 (XINHUA) — The Tianjin Free Trade Zone in north China's largest port city has increased the amount of foreign investment brought in during the first two months of this year by 370 per cent over the corresponding period of the previous year.

Foreign investment in the zone totaled 60 million U.S. dollars during that period, according to San Xiangjun,

deputy director of the Administrative Committee of the Tianjin Port Free Trade Zone.

A key characteristic of foreign investment this year is a sharp increase in the number of export-oriented processing enterprises in the zone, he said.

"I expect this trend to continue for some time," he said.

The seven square kilometer Tianjin Port Free Trade Zone was established in 1991, with the State Council approval. It has a financial trade sub-zone, a warehouse processing sub-zone, and a wharf sub-zone.

China currently has 13 free trade zones.

By the end of last year the Tianjin Zone had approved 2,900 enterprises, involving 1.43 billion U.S. dollars in overseas investment, San said.

A number of internationally-known companies have opened businesses in the zone, including Daimler-Benz Company of Germany, the Daiei Corporation of Japan, and the Daewoo Company of the Republic of Korea.

He said that 50 projects, each involving at least five million U.S. dollars have been launched in the zone.

He said that his zone will spend 500 million yuan in infrastructure construction this year.

"The Tianjin Port Free Trade Zone will eventually be built into the largest international trade window in north China and operate according to internationally accepted practices," he said.

PRC: Tianjin Open 100 Projects for International Bidding

OW2803075496 Beijing XINHUA in English
0649 GMT 28 Mar 96

[FBIS Transcribed Text] Tianjin, March 28 (XINHUA) — North China's largest coastal city, Tianjin, has offered more than 100 new projects for international bidding.

The projects involve basic construction, real estate, and industrial projects, and are concentrated in the Hongqiao District. A series of preferential policies have been developed to attract overseas investors.

A number of buildings to house commercial activities, the entertainment industry, trade, and finance will be built in the downtown area.

Industrial projects will be concentrated in the Jinba Industrial Park and the Science and Trade Development Park in Hongqiao District, which are now home to several dozen industrial projects.

The district authorities will give preferential tax treatment to housing and hi-tech developments, Wang Shixin, government head of the Hongqiao District, said.

Agriculture

PRC: Ministry To Increase Support for Agrochemical Industry

HK2803075496 Beijing CHINA DAILY in English
28 Mar 96 p 5

[By Zhang Yuan: "Extra Help For Agro-chemical Plants"]

[PTS Transcribed Text for FBIS] China's leading commercial bank and the Chemical Industry Ministry yesterday unveiled plans to further support the agro-chemical industry.

The Industrial and Commercial Bank of China (ICBC) will increase its loans to agro-chemical production plants, while the ministry will guarantee normal production of chemical fertilizer and farm pesticides in slack sales seasons.

ICBC President Zhang Xiao announced that the bank will approve 3.5 billion yuan (\$421.6 million) worth of special loans to chemical fertilizer and farm pesticide firms under the ministry this year.

The figure represents a substantial rise from 2.5 billion yuan (\$301.2 million) given in 1993 the first year the ICBC provided such support.

The 3.5 billion yuan (\$421.6 million) will be used to purchase chemical fertilizer and farm pesticides from agro-chemical producers during this year's slack sales season to help them maintain normal production, Zhang said.

Currently, the ICBC is arranging loans worth 1 billion yuan (\$120.4 million) — the first batch of this year's special loans — to help a group of small-sized chemical fertilizer factories run at full capacity.

At the same time, loan priorities will be given to industrial enterprises which use agricultural and non-staple products or produce agricultural production-use products, Zhang said.

It is possible for the ICBC to further increase its loans to agro-chemical plants in the coming years, Zhang noted.

Figures from the ministry show that about 40 per cent of newly-increased grain production in the country can be attributed to the use of chemical fertilizer.

For this reason, chemical fertilizer production plays an important role in helping the country realize its goal

of further increasing its grain production on limited farmland.

Gu Xiulian, chemical industry minister, said yesterday that the ministry's plan is to produce 118 million tons of standard chemical fertilizer this year, nearly 4 million tons more than last year.

Between 1993 and 1995, the ICBC provided a total of 9 billion yuan (\$1.08 billion) worth of special loans to agro-chemical firms.

The loans helped State companies purchase a total of 10 million tons of chemical fertilizers and more than 40,000 tons of farm pesticides from agro-chemical firms during slack sales seasons in the past three years.

As a result, the move has not only helped maintain normal production of chemical fertilizers and farm pesticides, but has contributed a great deal to the growth of the country's grain production through the timely supply of the agro-chemicals, Gu said.

PRC: Fujian Plans Increase in Grain Output

OW2703150496 Beijing ZHONGGUO XINWEN SHE
in English 1219 GMT 27 Mar 96

[FBIS Transcribed Text] Fuzhou, March 27 (CNS) — Fujian will take steps to increase grain output by 120,000 tonnes annually during the current Ninth Five-Year Plan.

The Province expects to bring its grain output to ten million tonnes annually by the turn of the century, revealed Tong Wanheng, Vice Governor in charge of agriculture during a meeting with the visiting Minister of Agriculture, Liu Jiang.

Fujian has long suffered from grain shortages. Land per capita under cultivation is a mere 0.57 mu, less than half of the national average.

The province with 1.6 percent of the national population has 1.3 percent of the country's land under cultivation, with which it has to produce two percent of the country's grain. Such a burden is onerous for the province.

In recent years, the Party and provincial government have paid closer attention to agriculture, and to grain production in particular.

As a result, the grain yields of nearly 9.2 million tonnes were achieved last year, 310,000 tonnes up over 1994 and 227,000 tonnes up over the historical high recorded in 1991.

Mr. Tong noted that Fujian had the potential to increase grain production despite the fact that it had too little arable land for such a large population.

Since last year, the province has appropriated RMB [renminbi] 30 million (US\$3.606 million) annually for agriculture. A further RMB30 million was spent by 30 grain producing counties. Much remains to be done to boost grain yield in a further 14 counties that are suffering from a shortage of grain.

During the current five-year period, the annual grain yield must increase by three percent in the 30 grain producing counties, by two percent in the 14 counties with a poor grain yield and by one percent elsewhere.

***PRC: Shandong Reports Drought Damage to Wheat**

96CE0186K Jinan SHANDONG JINGJI RIBAO
in Chinese 4 Mar 96 p 1

[FBIS Summary] Since December, Shandong Province has had little rainfall, 40 million mu of wheat has been affected by drought, and 25 million mu of wheat has been severely affected by the drought.

Southwest Region

PRC: Repatriated Tibetans Reject Dalai's Teachings

OW2103090296 Beijing XINHUA in English
0736 GMT 21 Mar 96

[FBIS Transcribed Text] Lhasa, March 21 (XINHUA) — When you drink tea, you are supposed to savor it, when you need advice, you are supposed to get it from the old people.

The old Tibetan saying proved its wisdom once again when three elderly Tibetans returned home from abroad and refuted Dalai Lama's preaching of "Tibetan independence". The three pledged to contribute to the safeguarding of China's unification.

Dainba Chilai, Gyaincain Cunpi and Zhaxi Wangdui are all in their 70s.

Dainba Chilai, 77, used to be a senior official in the Dalai Lama's "exiled government" after fleeing China in 1959.

He admitted that he was "unaware of the truth" when he left his motherland and family 37 years ago. While abroad, he was involved in the "independence of Tibet" activities.

"But we got nowhere," he said. "Though we did all we could for all those years, not a single country has ever recognized Tibet as an independent country."

"With the passage of time, I became disillusioned with the unrealistic political ploy of the Dalai Lama clique," he said, adding that the so-called "independence of Tibet" is no more than "castles in the air".

After careful consideration he returned home and settled in Tibet in 1985.

"I heard that some hard-liners abroad swore at me," he said. "But I don't care because I have made the right choice."

Official statistics show that 30,000 overseas Tibetans have visited the Tibet Autonomous Region, and 2,000 have settled in their homeland.

Zhaxi Wangdui, 73, was the manager of a manor in Qonggyai County, owned by the Sera Monastery, one of the three largest monasteries in Tibet, before the peaceful liberation of Tibet.

He said his relatives and friends in Tibet wrote to him in the early 1980s, saying that the government policies are popular and that their living standard had risen substantially. They also urged him to come back as soon as possible.

"Then I was dubious at what they said," he said. "But I did want to come back, to have a look with my own eyes."

Zhaxi Wangdui came back to Tibet on a visit in 1983.

"Seeing is believing," he said. "Although Qonggyai is still considered a poor county in Tibet, great changes have taken place in the rural areas there."

"I would say that farmers there are now really living in heaven, compared with their lives before Tibet's peaceful liberation," he added.

Zhaxi Wangdui, who eventually returned to Tibet in 1985, advised Tibetans residing abroad to come back, and see with their own eyes what Tibet looks like today, before drawing conclusions.

Gyaincain Cunpi shares his view. The 72-year-old buddhist said what the communists have done in Tibet embodies the true meaning of Buddhism — bringing happiness to all.

Citing tremendous changes that have taken place in Tibet since the peaceful liberation, he said, "We should follow our consciences."

"Nobody can deny that the Communist Party of China has done so many good things for Tibetans," he noted.

Speaking of the soul boy for the 10th Panchen Lama, the three men became quite excited.

Dainba Chilai said, "I was honored to attend the ceremony of drawing lots from a gold urn to choose the reincarnated boy of the late 10th Panchen Lama. I will never forget the scene for the rest of my life."

"It is most sacred and convincing to choose the reincarnated boy of the Panchen Lama by drawing lots in front of the statue of Sakyamuni," he said.

He added that the irresponsible comments made by some people abroad on the selection of the new Panchen Lama were "what we expected, because these people never want us to live in peace."

In accordance with historical conventions and religious rituals, the confirmation of the new Panchen Lama is subject to the central government's approval, he pointed out.

After coming back, the three wise old men were all well received by local governments. Now they all work in the local committees of the Chinese People's Political Consultative Conference.

PRC: Tibet Said Making 'Major Strides' in Education*OW2003102796 Beijing XINHUA in English
0826 GMT 20 Mar 96*

[FBIS Transcribed Text] Lhasa, March 20 (XINHUA) — As economic boom areas of China set their sights on 21st century computer technology, one region has been making major strides in reading and writing.

In the 1950s nine out of ten people in southwest China's Tibetan Autonomous Region were illiterate.

Now, thanks to developments in education, the region's illiteracy rate has dropped to 40 percent.

The region now has 190,000 primary and secondary school students, with 70 percent of children of school age going to schools.

One census in 1992 showed that there were 385 people in every million with college diplomas; and a recent survey reveals that Tibet has 7.4 polytechnic schools for per one million people.

Students of senior vocational schools account for 60 percent of those at school age in the region, higher than the average national level.

However, during the mid 1950s, serfs, amounting more than 95 percent of Tibet's total population, were robbed of their rights to go to school by serf owners and nobles.

A 1949's survey on the Zhehung Temple, one of the biggest in Tibet, showed that 80 percent of the temple's lamas were illiterate. Of the region's total population, the rate stood at 90 percent.

Since the 1950s the Central Government attached great importance to the development of education in Tibet.

From 1957 to now, more than 20 municipalities and provinces, including Beijing, Shanghai, Tianjin and Sichuan have sent more than 6,640 teachers to Tibet.

Meanwhile, inland universities and colleges have trained a large number of teachers and educationalists for the region.

To help Tibet develop its education, 11 municipalities and provinces, and concerned departments of the Central Government, have started programs to support designated polytechnic schools and colleges in Tibet in many aspects, including training students, and improving teaching conditions.

The Central Government, meanwhile, has invested an accumulated 1.1 billion yuan in Tibetan education development since it was peacefully liberated in 1951.

A program aiming to train Tibetan students in inland schools and colleges was also started in 1985. At present, the number of such students is 20,000. Each year, a great number of graduates go back to work in the modernization construction of Tibet.

Inside Tibet, the region's education authorities has implemented policies to grant scholarships to children from farming and serf families, due to their family economic conditions.

The region has also made extra efforts to perfect its teaching in the Tibetan language. As a result, more than 95 percent of the region's school classes now are using Tibetan language. The number of Tibetan teachers now stands at 21,000.

A large group of Tibetan scientists, artists, writers, doctors and jurists have emerged, and they are playing a very important role in the construction of a modern Tibet.

PRC: Tibet Develops Radio, TV Broadcasting System*OW2103103296 Beijing XINHUA in English
0712 GMT 21 Mar 96*

[FBIS Transcribed Text] Lhasa, March 21 (XINHUA) — A radio and TV broadcasting system, with Lhasa at the center, now covers all parts of the Tibet Autonomous Region, providing knowledge, information, and entertainment to local people.

China put a total of 190 million yuan (22 million U.S. dollars) into Tibet's radio and television system during the Eighth Five-Year Plan (1991-1995).

By the end of 1995, work on 550 township-level receiving stations was basically completed, meaning that the needs of the autonomous region's radio and television center, which is scheduled to begin operation this May, had been met.

The population coverage rate of the Tibet radio and TV systems has improved by 15 percentage points and 14 percentage points, to 55 percent and 50 percent, respectively.

Cities where prefectural commissioners' offices are located and some counties now have access to programs of the Central Broadcasting Station and Tibet Broadcasting Station, and two to three programs of the China Central Television Station and Tibet Television Station.

According to statistics, Tibetans now have more than 200,000 radios and over 120,000 TV sets.

During the Ninth Five-Year Plan (1996-2000), Tibet is scheduled to raise the radio and TV coverage rate to 80 and 70 percent, respectively.

The autonomous region is set to gradually increase its capacity to present more radio and TV programs from elsewhere that have been translated into the Tibetan language. By the end of the Ninth Five-Year Plan, annual volume of such programs is expected to reach 3,400 hours and 800 hours, up from 1,800 hours and 400 hours respectively.

PRC: Tibet Accelerates Development of Infrastructure

OW2103113096 Beijing XINHUA in English
0900 GMT 21 Mar 96

[FBIS Transcribed Text] Lhasa, March 21 (XINHUA) — Two-thirds of the 62 projects undertaken by other parts of China in Tibet have been completed, speeding up Tibet's infrastructure construction.

The 62 projects, being financed by the central government and other provinces, were chosen at the central government's third Working Conference on Tibet in 1994, in a move to accelerate the region's economic development.

With an increased population, Xigaze, the second biggest city in Tibet, suffered from water shortages.

With only a small waterworks, capable of providing 2,000 tons of water daily, and a dozen outdated wells, Xigaze could only supply enough water for 30,000 residents. The other 10,000 residents could not receive sufficient drinking water.

With a 20-kilometer long pipeline, a water supply project, which was built recently, now supplies 25,000 tons of water daily, solving the drinking water problem for all Xigaze residents.

A new building, equipped with modern apparatus, has been completed in the Lhasa Hospital, increasing the number of beds for patients.

The construction of an irrigation canal has improved and increased a large amount of irrigated farmlands, and boosted grain production by 410,000 kilograms every year.

PRC: Yunnan To Invest 10 Billion Yuan in Power Construction

OW2103032296 Beijing XINHUA in English
0031 GMT 21 Mar 96

[FBIS Transcribed Text] Kunming, March 21 (XINHUA) — Southwest China's Yunnan Province is set

to put a total of 10 billion yuan (about 1.2 billion US dollars) into power construction.

The province is attracting foreign funds for building small or medium-sized power stations, and using Thai investment for the Yuezhou and Luliang thermal power stations. It plans to attract foreign investment for construction of the Matanglu Hydro-electric Power Station.

By 2000, the province plans on providing electricity to another 40 counties, said Gu Hong, deputy director of the local power bureau, who explained that more than one million households in the province still have no electricity.

Dehong Autonomous Prefecture, home of the Dai and Jingpo minorities, which borders Myanmar, is building a 630,000 kw power station, to turn the prefecture into an "electrified" area.

After ten years of efforts by the government, electricity is generally available to 28 counties, and most farmers in these areas have begun to use electricity for cooking, reducing the amount of wood burned, protecting forestry resources.

In the last five years, Yunnan's installed capacity has increased by 574,000 kw, accounting for one-third of the province's total.

With several rivers crossing it, Yunnan has the potential for small or medium-sized power stations in 118 counties, with a total capacity of 17.16 million kw. Thus far however, not more than one-tenth of that has been developed.

PRC: Yunnan's Efforts To Fight Drugs Detailed

OW2203011796 Beijing ZHONGGUO XINWEN SHE
in English 0341 GMT 21 Mar 96

[FBIS Transcribed Text] Kunming, March 21 (CNS) — The Yunnan Drug Prevention Commission reports that the Province's increased efforts in the fight against drugs has resulted in less smuggling in recent years and a lower rate of increase in the number of drug addicts.

In 1994, the volume of drugs seized across the province fell by 27.7 percent over 1993. Last year, this fell again by a further 50.9 percent. The rising trend of drug importation has been lessened.

Yunnan operates a serious educational campaign on drug abuse and has raised the level of the public's consciousness in this regard.

Practical and effective drug preventive measures have resulted from a study carried out over the past ten years, including public supervision on drug abuse, governmental compulsory drug treatment, education

through labour, medical treatment and psychological rehabilitation. 1995 statistics reveal that the number of former addicts who had abstained for five, three and two years were 480, 628 and 1858 respectively. For the past four years the population of addicts in the Province had been controlled at the 40,000 mark.

Yunnan has stepped up its fight against drug abuse and AIDS in recent years and has successfully taken part in international anti-narcotic cooperation. The measures that the province has introduced has led to a low incidence of HIV positive. In cooperation with the United Nations International Drug Control Programme, Yunnan has succeeded in controlling the drug problem in the regions bordering Myanmar over the last 18 months.

At present, the problems associated with drugs and Aids are continuing to spread in the world. This is no less the case in Yunnan particularly with its location being so close to the Golden Triangle. Therefore, the Province still has a long way to go in fighting against drugs.

North Region

PRC: Beijing Reports on 1995 Embezzlement, Bribery Cases

SK2803051596 *Beijing BEIJING RIBAO in Chinese*
18 Feb 96 p 2

[By correspondent Bai Xixi (4101 6932 0823): "Beijing Procuratorial Organs Increase Efforts To Crack Down on Embezzlement and Bribery, and Retrieves 230 Million Yuan of Losses for the State and the Collective Last Year"]

[FBIS Translated Text] Procuratorial organs of Beijing Municipality achieved new breakthroughs in punishing embezzlement and bribery in 1995. They registered 1,751 economic crimes related to embezzlement and bribery, and put 1,085 of them on file for investigation, showing an increase of 11.3 percent over 1994. Among these investigated cases, 373 were embezzlement cases, 381 were bribery cases, and 188 were cases on misuse of public funds. After handling these cases, they retrieved 230 million yuan of economic losses for the state and the collective, more than three times the amount in 1994.

As was learned, when punishing embezzlement and bribery, the procuratorial organs laid emphasis on investigating and handling the cases committed by people holding leading posts. Among the cases put on file for investigation in the year, 114 were committed by leading cadres at and above the county or section level, showing an increase of 46 percent over 1994. Twenty-three of these cases were committed by county- or section-level cadres, 2.6 times those of 1994. It was unprecedented

to investigate such a large number of cases committed by leading cadres in a year. In addition, the procuratorial organs organized special case groups composed of competent personnel to conscientiously investigate and handle a number of cases having a serious influence in Beijing and even the entire country, such as the Wang Baosen, Chen Jian, and Zhou Beifang cases, in coordination with the Supreme People's Procuratorate.

New breakthroughs were achieved in investigating major and serious cases. Cases each involving over 1 million yuan totaled 32, 2.5 times those of 1994. New progress was also made in investigating and handling the embezzlement and bribery cases committed by party and government leading organs, law-enforcement administrative organs, judicial organs, and economic management departments. Sixty-seven economic cases committed by these organs and departments were investigated in the year, an increase of 31.4 percent over 1994.

In the process of punishing embezzlement and bribery, procuratorial organs also sternly cracked down on a new type of criminal activities committed in money, securities, futures, and real estate markets, which hampered reform. According to statistics, 21 such cases were investigated and handled in the year, and another 64 cases on forgery, resales, and unauthorized issuance of invoices of value-added tax and on tax evasion by means of false invoices were also dealt with.

PRC: Hebei Secretary Speaks on Organizational Reform

SK2203060696 *Shijiazhuang Hebei People's Radio*
Network in Mandarin 2300 GMT 21 Mar 96

[FBIS Translated Text] Cheng Weigao, secretary of the provincial party committee, gave an important speech at the recent provincial organizational reform work conference. In his speech, Cheng Weigao first fully affirmed the provincial achievements in organizational reform during the past few years and, at the same time, seriously pointed out the prominent current problems in this aspect. He said: The task of transferring and placing excess personnel of organs is heavy; the task of reducing institutions' personnel expenses is heavy; the task of sorting out and dismissing personnel who muddle along at their work posts is heavy; the task of financially independent counties to reduce the size of organs by transferring personnel to other places so as to guarantee financial independence on time is heavy; and the change of functions of government departments at all levels is slow.

Cheng Weigao pointed out: Unwieldy organizations, overstaffing, overlapping functions, and slow change

in functions will cost not only lots of financial resources and increase financial burdens, but will also affect the input in economic construction and social development and become the obstructions preventing promotion of the socialist market economy system. To this end, Cheng Weigao stressed the importance of making up our minds to streamline organs and reduce the number of staff. On how to successfully carry out this work, Cheng Weigao said: The most important thing is to unify the understanding of leaders at all levels and to realistically make up our minds to successfully carry out this work. He said: The provincial party committee and government organs should proceed in this work at their their own initiative, take the lead in screening organs, set good examples, reduce the number of excess personnel and transfer them to other localities, dismiss all personnel who muddle along at their work posts, and resolutely check and handle cases on recklessly setting a precedent, upgrading an organ, setting up new organs, and expanding the size of organs. It is necessary to try by all possible means to encourage organs to transfer their personnel to other places and conscientiously explore ways to further streamline organs and change functions. All organs, particularly provincial-level organs, should base themselves on the campaign to study theory and the party constitution and learn from Kong Fansen, investigate their world outlook, outlook on life, and concept of value; overcome individualism, money worshipping, and pleasure-seeking; and uphold the purpose of wholeheartedly serving the people. They should also regard the change of government functions as one of the important tasks in rectification, reform, and establishment of systems, and change their functions in managing trades, law enforcement, and administration, and in various socialized services in line with the development of the market economy. Meanwhile, we should also attend to the work of reducing the number of personnel in education, science, technology, public health, cultural, and sports organs and other institutions.

PRC: Seventh Shanxi Party Congress Meets 31 Jan
SK0803132496 Taiyuan SHANXI RIBAO in Chinese
1 Feb 96 p 1

[FBIS Translated Excerpt] On 31 January — bearing the expectations and trust of all party members, cadres, and the masses in the province, and shouldering a glorious historic mission — the 691 party delegates and special delegates from all over the province and from all fronts gathered at the newly decorated Taiyuan Workers' Cultural Palace to attend the ceremonious Seventh Congress of the Shanxi Provincial CPC Committee. That morning, Comrade Hu Fuguo delivered a work report on behalf of the sixth provincial party committee. That afternoon Comrade Sun Wensheng gave an explanation

of the proposal on the Ninth Five-Year Plan and the 2010 Long-Term Target. And Comrade Feng Zhimao delivered a work report on behalf of the Provincial Discipline Inspection Commission.

The meeting hall of the congress was filled with solemn and warm atmosphere. A golden party emblem was hung on the center of the rostrum, with 10 red flags lined up on two sides. Hu Fuguo, Sun Wensheng, Liang Guoying, Zheng Shekui, Feng Zhimao, Wang Liangshi, Wang Yunlong, Cui Guangzu, Dong Yunhai, Liu Zemin, Zhi Shuping, and Liu Zhenhua were seated in the front row on the rostrum. Also seated on the rostrum were other members of the Presidium of the congress.

Comrades of the local cadre bureau under the Organization Department of the CPC Central Committee also attended the congress.

At 0830 that morning, Zheng Shekui, executive chairman of the congress, declared the Seventh Shanxi Provincial Party Congress open. Then, all stood up and the "Internationale" was played. Comrade Liang Guoying delivered an opening speech. Amid warm applause, Comrade Hu Fuguo, on behalf of the sixth provincial party committee, delivered a report titled "Comprehensively Implement the Party's Basic Theory and Basic Line and Struggle To Fulfill the Trans-Century Target of Making Shanxi Strong and the People Affluent."

Attending this congress as non-voting delegates were members and alternate members of the sixth provincial party committee and members of the provincial Discipline Inspection Commission who were not delegates to the seventh provincial party congress; veteran comrades within the party who had held provincial-level posts; party-member vice chairmen and secretaries general of the provincial people's congress standing committee and the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; principal party-member responsible comrades of various committees under the provincial people's congress standing committee and the provincial CPPCC committee; principal party-member comrades of the departments and bureaus directly under the provincial authorities; principal responsible comrades of party committees of various colleges and large enterprises; and some other comrades concerned. [passage omitted]

Northeast Region

PRC: Heilongjiang Leaders Attend Organizational Work Meeting

SK2203041996 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 21 Mar 96

[FBIS Translated Text] On 21 March Yue Qifeng, secretary of the provincial party committee, and Governor Tian Fengshan, held a forum with deputy secretaries of various city and prefectural party committees in charge of organizational work and the directors of organizational departments attending the provincial organizational work conference. They listened to their opinions and suggestions for strengthening the province's organizational and cadre work.

The forum was presided over by Wang Jiangong, deputy secretary of the provincial party committee. Han Guizhi, member of the Standing Committee of the provincial party committee and director of the organizational department, attended the forum.

Talking with comrades attending the forum, Yue Qifeng, secretary of the provincial party committee, said: For more than a year, organizational departments across the province successfully carried out organizational work in line with economic construction; paid attention to practice, achievements, and public opinions while selecting and recruiting cadres; and readjusted and replenished leading cadres through publicly selecting leading cadres and exchanging cadres in a planned and selective manner. All of this, together with the effective building of grass-roots organizations, the comprehensive building of ideology and work style, and the work of fighting corruption and promoting administrative honesty, have provided an effective ideological and organizational guarantee for the province's economic development and social progress. The achievements gained during the recent two years should never be separated from the work of organizational departments. However, how to evaluate, test, select, and train cadres and how to enable our organizational work to meet the demands of the socialist market economy in a better manner is a subject that cadres in charge of organizational work should particularly study during the new period. The subject of carrying out organizational work in line with the objective of quadrupling the economy, as proposed by the provincial organizational work conference, is very good.

Yue Qifeng said: The province's Ninth Five-Year Plan and the long-term target for 2010 have been defined. The key to realizing these targets lies in the party and the people as well as in building united, militant, friendly, and honest leading bodies. To resolve the main con-

traditions of stagnant economic development in the province, we must emancipate thinking, clarify ideas, improve systems, and improve popular feeling. If we fail to use good cadres, the people will not be happy. As a result, they will not enhance their spirit and do their work in unity and with one heart and one mind. Thus, building good leading bodies is the key to realizing the overall target, and selecting what kinds of cadres to form the leading bodies is a very important issue. If we do a good job in resolving this issue, we will be able to further improve their popular feeling, enhance their spirit, and realize the fighting objective we proposed. In this sense, the tasks of organizational departments are quite arduous and glorious. This provincial organizational work conference is the first conference held following the exchange of ideas of various prefectural and city organizational department directors across the province. The general demand of the provincial party committee is to promote a new atmosphere among the people in their new posts. It is hoped you will not let down the party's trust.

Tian Fengshan, deputy secretary of the provincial party committee and governor, said: Comrades have proposed many good and valuable opinions and suggestions. It is hoped organizational departments at all levels will conscientiously study these issues and resolve them in their practical work.

PRC: Heilongjiang Secretary on Propaganda, Ideological Work

SK2603070696 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 25 Mar 96

[FBIS Translated Text] The provincial propaganda and ideological work conference was held in Harbin on 25 March. Yue Qifeng, secretary of the provincial party committee, made a speech at the conference.

He pointed out in his speech: Emancipating the mind is still a task of urgent and important significance at present. To narrow the gap in development with coastal areas, we must further emancipate our mind.

Shan Rongfan, deputy secretary of the provincial party committee; Yang Guanghong, standing committee member of the provincial party committee and director of the propaganda department; and (Hu Xiangdian), secretary general of the provincial party committee, attended the conference.

In his speech, Yue Qifeng, secretary of the provincial party committee, fully affirmed that the comrades on the propaganda and ideological front have made fruitful contributions to promoting the economic development and social progress.

Yue Qifeng pointed out: If we refuse to further emancipate the mind or have no daring to touch and remove the existing malpractice, our country's trans-centennial grand blueprint will become empty talk. That Heilongjiang Province enters the 21st century at the same pace with the whole country will become empty talk, too.

Yue Qifeng said: To emancipate the mind, we must solve the major problems affecting the progress of reform, opening up, and economic construction; change the ideas of standardizing the development of productive forces with abstract principles and traditional ways; turn tens of thousands of enterprises throughout the province into entities which develop themselves according to market demands; and enable some 37 million people in the province to stand on their own feet through market competition. So long as we shake off the bonds of old ideas and foster a thinking of developing the socialist market economy, then we will bring into play our potential for accelerating the pace of development. This can be described as — the world becomes wider when ideas are changed.

Yue Qifeng also pointed out: To eliminate equalitarianism, the malpractice of everybody eating from the same big pot, and the phenomenon that none assume responsibility, we should mobilize all people of the province to join the large-scale battle centering on development of state-owned enterprises and the grassland, development of water surfaces on a contract basis and state farms, and reform of the forest industry; eliminate the ideas of stressing new constructions but ignoring technological transformation, of paying only attention to increasing input but paying no attention to application of science and technology, and of stressing output value but ignoring efficiency; define ideas of less new constructions but more transformations as well as less input but high output and fast accumulation so as to fundamentally promote the change of the economic growth model. We should eliminate the ideas of relying on the heaven to make a living, being negative, being afraid of difficulties, and accomplishing nothing; solve the problems due to the poor understanding about markets, commodities, competition, and advertisement; and define a thinking of developing markets to promote the development of the industries and products. Enterprises and the peasants should be organized to enter markets, eliminate the problems due to no separation between governments and enterprises and caused by the barriers between different departments and between different regions, extricate themselves from the development method of closing themselves to the outside world, define a thinking of development through cooperation and by opening up, and take the path that regions develop themselves in a unified manner. We should eliminate the practice of ar-

ranging jobs in the order of seniority and giving equal treatment, ensure to well use cadres and talented persons, and provide a powerful organizational guarantee for implementing the provincial party committee's overall idea for economic development.

Yue Qifeng stressed: To emancipate the mind, we should stress study, politics, and healthy atmosphere; arm our heads with the powerful arms — Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics — grasp the fundamental standards of being conducive to the development of productive forces, the enhancement of the overall national strength, and the improvement of the people's livelihood; take the party and the people's firm political stand; proceed from reality; dissect typical cases; and conscientiously conduct criticism and self-criticism.

Yue Qifeng said: Emancipating the mind is a major issue bearing on the future and destiny of Heilongjiang. Thus, the comrades on the propaganda and ideological front should exert greater efforts and make greater contributions to further emancipating the minds of the cadres and the people.

At the conference, some participants introduced and exchanged experiences in the study of theories. They were (Li Changling), deputy secretary of the Daqing city party committee; (Cao Zhen), secretary of the leading party group of the provincial supply and marketing cooperative and head of the cooperative; (Zhao Hongyan), secretary of the Suihua Prefectural party committee; (Lu Xuejian), secretary of the party committee under Jiamusi Medical College and president of the college; (Dong Yonggui), deputy secretary of the Jiamusi city party committee; (Tian Ziyuan), deputy director of the provincial judicial department; (Li Chunyi), deputy secretary of the Mudanjiang city party committee; (Du Yuxin), deputy secretary of the Daxinganling Prefectural party committee; (He Lian), secretary of the leading party group of the provincial scientific and technological committee and chairman of the committee; and (Cheng Daoxi), deputy secretary of the Harbin city party committee.

The conference also commended some advanced propaganda workers as well as the units and individuals winning prizes for the project of five sorts of outstanding spiritual products. Present at the conference were responsible persons in charge of the propaganda and ideological work from cities, prefectures, provincial-level units, universities, and mass organizations; and representatives of outstanding propaganda cadres from the grass roots.

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[Statistical Communiqué on Liaoning 1995 Economic and Social Development Issued by the Liaoning Provincial Statistical Bureau on 1 February 1996]

[FBIS Translated Text] In 1995, under the leadership of the provincial party committee and the provincial government, all localities and departments of our province conscientiously carried out the principles and policies of the central authority on strengthening macroeconomic control, deepening reform, and opening up wider. The difficulties in economic operation were overcome. Serious natural disasters were conquered. The economy maintained steady growth, while inflation was initially checked. People's living standards continued to improve, and all the undertakings of our society were further developed. Primary statistics indicated that 1995 GDP [gross domestic product] totaled 304.41 billion yuan, up 7.8 percent over the previous year. Of this total, the value added by the primary industry was 38.1 billion yuan, increasing 3.8 percent; that of the secondary industry hit 157.72 billion yuan, increasing 8.3 percent; and that of the tertiary industry achieved 108.59 billion yuan, increasing 8.6 percent. Major problems remaining in economic performance were: rather conspicuous structural contradictions in economic growth; low production efficiency; weakened infrastructural facilities and production conditions for agriculture; and intensified managerial difficulties of some industrial enterprises.

1. The Rural Economy

The rural economy continued to grow. The added value of rural areas in 1995 totaled 108.32 billion yuan, up 14.6 percent over the previous year. Of this, the value added by the agriculture, forestry, fisheries, and animal husbandry was 38.1 billion yuan, increasing 3.8 percent; that of the rural industry hit 45.9 billion yuan, increasing 29.8 percent; and that of the rural construction industry, transportation, and commerce achieved 24.32 billion yuan, increasing 20.8 percent.

Agriculture conquered grave natural disasters, and main farm produce registered fairly good results. Grain output in 1995 totaled 14.235 million tonnes, 864,000 tonnes more than the previous year. The yields of corn, wheat, and tuber crops increased to different degrees. The output of rice and Chinese sorghum dropped. Cotton production picked up after a continuous decline. Some increase was registered in the production of sugar-

bearing crops, vegetables, and fruits. However, the output of oil-bearing crops and cured tobacco decreased.

Output of major farm produce:

	1995 (tonnes/year)	Increase over 1994 (percent)
grains	14.235 million	6.5
rice	2.553 million	-14.2
corn	8.035 million	30.9
cotton	24,000	41.2
oil-bearing crops	198,000	-18.9
beetroots	504,000	28.6
cured tobacco	22,000	-8.3
silkworm cocoons	33,000	17.9
vegetables	12.681 million	12.2
fruits	2.2 million	19.2

Steady progress was made in forestry. The newly afforested areas in 1995 covered 195,000 hectares. Of this, engineering forest [cha cheng lian lin 1562 4453 6644 2651] reached 109,000 hectares. Adjustments were made in the variety of trees. Forests of economic value increased by a larger margin, totaling 85,000 hectares, up 18.1 percent. Its share in the total newly afforested areas increased from 37.3 percent of 1995 to 43.6 percent. A total of 1.07 million hectares of forestry was protected by restricting access. The areas nurturing young trees totaled 200,000 hectares. Timber output amounted to 1.25 million cubic meters. Measures against forest fires and forest diseases, and resource management and protection were reinforced. The forestation rate reached 28.7 percent.

Animal husbandry developed in an all-round manner, and meat, poultry, eggs, and milk production increased. Meat production in 1995 totaled 2.224 million tonnes, up 20.3 percent. Production of poultry and eggs achieved 1.028 million tonnes, 6.7 percent of growth.

Output of major animal products and livestock:

	1995	Increase over 1995 (percent)
meat	2.224 million tonnes	20.3
of which: pork, beef, and mutton	1.739 million tonnes	20.3
cow milk	171,000 tonnes	4.4
sheep wool	9,603 tonnes	12.2
pigs in stock	14.684 million	9.7
sheep in stock	3.732 million	21.6
draft animals in stock	4.764 million	8.5

Fisheries continued to grow. The output of aquatic products totaled 1.972 million tonnes, up 17.5 percent from the preceding year. Of the total, sea-water aquatics came to 1.785 million tonnes, up 18 percent; and fresh-water aquatics 187,000 tonnes, up 13.3 percent.

The year-end total power of farm machines was 9.552 million kilowatts, down 5.4 percent from the preceding year; large and medium-sized tractors totaled 32,000, down 5.9 percent; small and hand-guided tractors totaled 130,000, down 2.3 percent; trucks totaled 33,000, up 3.1 percent; and the power of drainage and irrigation machines for farm use totaled 1.947 million kilowatts, up 1 percent. The amount of chemical fertilizer applied in the whole year (100 percent effective content equivalent) totaled 1.031 million tonnes, up 2.9 percent from the preceding year; the amount of plastic sheets used totaled 61,000 tonnes, down 1.6 percent; and rural power consumption totaled 7.53 billion kilowatt hours [kwh], up 4.3 percent.

2. Industry and Construction

Industrial production increased steadily. The annual value added to industry was 142.05 billion yuan, up 9.1 percent from the preceding year. Of it, the added value realized by industrial enterprises at or above the township level was 102.39 billion yuan, up 4.7 percent. State-owned industrial enterprises achieved initial success in ending the continuous decline in production registered since the beginning of the year and realized an added value of 66.57 billion yuan in the year, up 0.2 percent from the preceding year. Nonstate-owned industrial enterprises continued their fast growth, realizing an added value of 75.48 billion yuan, up 17.9 percent. In other words, urban collective enterprises

registered an increase of 10.2 percent, and foreign-funded enterprises and enterprises under cooperative management saw an increase of 11.1 percent.

The growth of light industry was notably faster than that of heavy industry. Thanks to brisk consumer markets and the declining demand for fixed asset investment, the annual value added to light industry was 25.32 billion yuan (for enterprises at and above the township level, the same below), up 7.3 percent from the preceding year; and that to heavy industry was 77.07 billion yuan, up 3.6 percent.

The mix of industrial products was adjusted. Some readily marketable durable consumer goods grew faster, the production of major energy sources and raw materials increased steadily, the production of means of agricultural production and products in support of agriculture was fairly good, and the production of major machinery and electric products and some capital products was declining or increasing at a low rate.

Output of major industrial products is as follows:

	1995	Increase over 1994 (percent)
Chemical fiber	189,900 tonnes	6.1
Fabrics	482 million meters	-10.8
Garments	151 million pieces	-54.3
Rawsalt	2,159,800 tonnes	-21.7
Machine-made paper and paperboard	837,700 tonnes	1.8
Synthetic detergents	31,500 tonnes	-10.0
Color television sets	238,600	23.9
Video recorders	106,200	-36.6
Household washing machines	198,500	-20.6
Household refrigerators	141,900	16.3
Room air conditioners	66,600	12.9
Raw coal	54,917,100 tonnes	-0.3
Crude oil	15,523,000 tonnes	3.3
Refined oil	24,980,900 tonnes	1.4
Natural gas	2.071 billion cubic meters	-2.3

	1995	Increase over 1994 (percent)
Electricity	54.108 billion kwh	7.4
Pig iron	12,999,600 tonnes	2.0
Steel	12,887,200 tonnes	-3.9
Rolled steel	10,258,200 tonnes	-13.6
Ten nonferrous metals	481,000 tonnes	1.7
Soda ash	692,800 tonnes	-6.3
Caustic soda	352,000 tonnes	15.3
Ethylene	332,600 tonnes	15.5
Plastics	465,800 tonnes	10.8
Plate glass	12,151,300 weight boxes	-6.4
Cement	18,120,700 tonnes	-4.2
Chemical fertilizer (100 percent effective content equivalent)	802,800 tonnes	1.5
Integrated circuits	104,400 boards	3.6
Program-controlled switchboards	181,400 lines	12.9
Metal cutting machine tools	12,900	-23.5
Cars	27,200	-10.0

The level in linking production with marketing of industrial products improved somewhat. Throughout the year, industries at or above the township level realized 339.67 billion yuan in sales value, up 12.3 percent over 1994. The sales rate of manufactured goods was 94.6 percent, up 0.4 percentage points over 1994. Of this, the sales rate of manufactured goods of state-owned enterprises was 97.1 percent, that of collective enterprises was 88.9 percent, and that of enterprises of other categories was 95.1 percent. Sales rate of the manufactured goods of heavy industry was 95.5 percent, and that of light industry, 91.7 percent. Production of manufactured goods for export use witnessed a relatively rapid growth rate. In 1995, the value of delivered export goods stood at 43.24 billion yuan, up 38 percent over the previous year, with its proportion in the sales rate rising from 10.4 percent in 1994 to 12.7 percent.

The composite efficiency index of industrial enterprises declined, enterprise deficit increased, and enterprises owed relatively more debts to each other. Industrial

enterprises at or above the township level that exercise independent accounting realized 24.11 billion yuan in profits and taxes, a drop of 14 percent compared with that in the previous year. The amount of deficits sustained by unprofitable enterprises was 8.33 billion yuan, up 40.2 percent. At the end of 1995, the net amount of funds on account that should be collected by enterprises was 66.92 billion yuan, 2.41 billion yuan more than the figure at the beginning of the year. The finished goods in stock amounted to 29.74 billion yuan, 3.59 billion yuan more than the figure at the beginning of the year.

Affected by a decline in the scale of fixed asset investment, the increase rate of the production of the construction industry slowed down. The added value fulfilled by the construction industry throughout the year was 15.66 billion yuan, up 1 percent over the previous year, with the increase margin declining by 8.3 percentage points from the previous year. In 1995, the total floor space of buildings under construction by state-owned construction enterprises was 25.097 million square meters, up 2.9 percent over the previous year, with 7.639 million square meters completed during the year, a drop of 10.1 percent.

3. Investment in Fixed Assets

The scale of fixed asset investment decreased. The completed investment in fixed assets throughout the province in 1995 came to 87.46 billion yuan, representing a decline of 1.5 percent over the previous year, or a real decline of 6.1 percent when allowing for price rises. Of this, the investment of state-owned units was 57.54 billion yuan, a drop of 3 percent; investment in the projects of non-state-owned sector was 29.92 billion yuan, up 1.4 percent; and investment by individual urban and rural residents was 4.84 billion yuan, up 17.8 percent.

Of total investment in fixed assets, the investment in capital construction was 32.16 billion yuan, up 0.9 percent; that in technological innovation and transformation projects was 22.09 billion yuan, a drop of 6.6 percent; and that in real estate was 15.51 billion yuan, a drop of 5 percent. Investment in the projects of the central authorities was 25.33 billion yuan, up 9.7 percent; and that in projects of localities was 62.13 billion yuan, a drop of 5.5 percent. Newly started capital construction projects and technological innovation and transformation projects with investments of more than 50,000 yuan each totaled 3,192, a decrease of 552 from the previous year.

The investment structure continued to improve. The limited construction funds were spent on a priority basis

on such basic industries as energy resources, raw materials, transportation, post and telecommunication, and key state and provincial projects. Of the total investment in capital construction and technological innovation and transformation projects, investment in the energy industry was 11.32 billion yuan, up 3.7 percent, with its proportion of total investment rising from 19.7 percent in the previous year to 20.9 percent. Investment in the raw materials industry was 15.66 billion yuan, up 0.3 percent, with its proportion rising from 28.1 percent to 28.9 percent. Investment in transportation, post, and telecommunication was 7.97 billion yuan, with its proportion reaching 14.7 percent. The construction of key projects was accelerated. Investment in the province's 55 large- and medium-sized capital construction projects and 112 above-quota key equipment renewal and technical transformation projects reached 23.25 billion yuan, accounting for 42.9 percent of the investment in capital construction and renewal of equipment and technical transformation. Forty-three items and single-item projects were completed and commissioned. The Guanying Reservoir was completed and played a part in holding back flood waters, accumulating water, and reducing disasters; the Shenyang beltway and Shenyang-Tieling expressway were completed and opened to traffic; the 300,000 kilowatt power generating unit of Yingkou power plant began to feed the power grid and generate electricity; some key and transformation projects, including the 10,000 tonnes of vitamin C of the Northeast Pharmaceutical Plant, oil refinery expansion project of the Liaoyang Petrochemical Company, the major chemical fertilizer project of Jinxi, Beitaqiumo iron tube casting project, and the 300,000 tonnes of synthetic ammonia of the Dalian Chemical Plant, and the transformation of two sets of cold rolling regenerated installations of the Anshan Iron and Steel Company were completed and put into operation; the Shenyang Dahuofang water diversion project, the Tanghe water project, and the southern section of the Dalian-Biliu He diversion project were put into operation.

During the year, investment was made in fixed assets to put 9,300 projects into operation. Of these, 1,049 were capital construction items, and 1,929 were equipment renewal and technical transformation items. The newly added fixed assets reached 59.78 billion yuan. The major production capacity and efficiency created by the newly added assets included 380,000 kilowatts of power generation, 2.83 million tonnes of oil extraction, 1 million tonnes of petroleum, 500,000 tonnes of iron, 810,000 tonnes of steel, 320,000 tonnes of rolled steel, 410,000 sets of bearing, 1,226 metal cutting machine tools, 300,000 tonnes of soda ash, 5,400 tonnes of chemical fertilizers, 300,000 tonnes of synthetic

ammonia, 242,000 tonnes of raw salt, 420,000 tonnes of daily water supply to urban areas, and 2.48 million tonnes of port handling capacity.

4. Communications, Transport, Post and Telecommunications

Transportation, post and telecommunications continued to rise. The added value brought by transport, postal and telecommunications industries reached 18.69 billion yuan, up 8 percent over the previous year.

Communications and transportation supported economic development. The freight transport volume by means of various transportation forms during the year totalled 899 million tonnes, the same as the previous year; the passenger transport volume reached 610 million people, up 20.7 percent.

Transportation by various means was as follows:

	1995	Increase over 1994 (percent)
Freight transport volume		
Railway	133.42 million tonnes	-4.9
Highway	695.61 million tonnes	0.9
Waterway	27.25 million tonnes	12.3
Airway	30,000 tonnes	22.9
Pipelines	42.54 million tonnes	-3.9
Passenger transport volume		
Railway	136.96 million people	-9.3
Highway	462.33 million people	37.4
Waterway	5.55 million people	10.8
Airway	1.76 million people	33.6
Cargo handling capacity at ports	82.01 million tonnes	10.9

Post and telecommunications industries continued to increase rapidly, with annual business volume reaching 5.06 billion yuan, up 45.4 percent over the previous year. Of this, the number of mail services reached 240 million, a decline of 3.2 percent; express mail services reached 2.149 million, up 29.3 percent; the

number of domestic long-distance calls and international telecommunications and telecommunications services between China and Hong Kong and Macao reached 430 million, up 23.4 percent; and the number of city telephone services reached 8.48 billion, up 47.1 percent.

New progress was made in building communications and telecommunications facilities. During the year, 1,435 km of new high-grade and second-grade roads were built to make the province's total length of high-grade and second-grade roads reach 18,600 km by the end of the year and the proportion of this category of roads in the province's total length of roads rise from 40.1 percent in the previous year to 42.8 percent; 13 new domestic and international civil air routes were opened. The province's postal routes totalled 138,000 km in length during the end of the year. The volume of new telephone switchboards in the city and rural areas reached 1.176 million channels; the volume of new long-distance automatic telephone switchboards reached 33,000; and the volume of new analogue and mobile communication telephone switchboards was available for 102,000 subscribers. By the end of the year, the total volume of telephone switchboards of the province reached 3,901, the number of urban telephone users reached 2.294 million, an increase of 739,000 users over the figure at the end of the previous year. Of this figure, urban and rural household telephone subscribers reached 1.656 million, an increase of 648,000 subscribers. There were 198,000 mobile telephone users, an increase of 119,000 users over the previous year; paging and mobile telephone users reached 1.591 million in number, an increase of 680,000 users. By the end of the year, the number of telephones used by every 100 people rose from 5.1 in the previous year to seven.

5. Domestic Market and Prices

Circulation of commodities was continuously expanded, and market transactions steadily increased. The annual added value to the wholesale and retail trade and catering trade totaled 36.81 billion yuan, up 11.5 percent from the preceding year. Commodities purchased by wholesale and retail enterprises in the whole year totaled 180.41 billion yuan, up 5.7 percent from the preceding year; and those sold totaled 201.43 billion yuan, up 6.3 percent.

Consumer goods markets enjoyed amply supplies and brisk sales. Annual retail sales totaled 112.56 billion yuan, up 29.3 percent, or 13.4 percent when inflation was taken into account. Of the total, urban retail sales of consumer goods came to 90.72 billion yuan, up 29.6 percent; and the retail sales of areas at and below the county level came to 21.84 billion yuan, up 27.9 percent, showing a balanced increase. Judging from the consumer

goods supplies of the whole year, supply exceeded demand in industrial goods, and the supply of over 90 percent of the commodities was in balance with demand or excessive demand. Compared with the preceding year, the supply of farm and sideline products improved as it was still strained but not inadequate. Judging from the enterprises of different ownerships, nonstate-owned commercial enterprises experienced more thriving sales, with retail sales of consumer goods totaling 85.01 billion yuan in the whole year, up 32.5 percent from the preceding year. Of the total, the retail sales of collective enterprises rose by 20.3 percent, and those of private and individual enterprises 47 percent. In the total retail sales, those of nonstate-owned commercial enterprises accounted for 75.5 percent as against 73.7 percent in the preceding year. Retail sales of the consumer goods of state-owned enterprises totaled 27.54 billion yuan in the year, up 20.3 percent from the preceding year. Despite the serious natural disasters in the second half of the year, which caused the prices of farm and sideline products to soar suddenly for the time being, state-owned commercial enterprises made active efforts to organize supplies and played a fairly good regulating role in stabilizing the market and prices through such measures as direct supplies and increases in the supplies of government-priced grain and edible oil to the people.

Markets for means of production saw expanded sales, changing the sluggish sales into steady increase in sales. Total sales of the means of production of wholesale and retail enterprises came to 109.45 billion yuan in the whole year, up 8.8 percent from the preceding year; and the sales value of the means of production of industrial enterprises was 258.2 billion yuan, up 10.2 percent. In the markets of means of production, the once very serious situation in which supply was in excess of demand has been changed into one in which supply and demand became more balanced, and the stockpiles of some goods were reduced.

Establishment of the market system was further expedited. In the whole year, 87 new commodity markets were built with 955 million yuan of investment. By the end of the year, markets for urban and rural fairs increased to 2,849, of which transactions totaled 79 billion yuan, up 29.7 percent from the preceding year. Of the total, retail sales stood at 44.2 billion yuan, up 42.6 percent, and equivalent to 39.3 percent of the total consumer goods retail sales of the province. Markets for means of production increased to 204, and their annual transactions totaled 38 billion yuan, up 5.6 percent. Futures markets improved, with the transactions of the Dalian and Shenyang commodity exchange centers totaling 720 billion yuan and 56 billion yuan, respectively, up 5.2 times and 29.9 percent, respectively.

from the preceding year. Markets for essential elements of production developed steadily. Transactions of securities markets were fairly brisk; and foreign exchange regulated in the market totaled \$1.98 billion, up 41.5 percent. A total of 1.78 million job seekers signed up with the labor force markets, and 73 percent of them, or 1.298 million people, struck a deal; and 223,000 people signed up with the talents markets, and 25.6 percent, or 57,000 people, struck a deal.

The increase margin of retail sales index dropped from 20.6 percent to 14 percent and that of the cost of living prices of residents dropped from 24.3 percent to 16.1 percent. However, the foundation of the decline in the composite index of market prices was not stable, the increase margin of price rises was still at a relatively high state, and the pressure on inflation remained very heavy.

Percentage increase in price index compared with 1994:

Retail price for commodities	14.0
Of which:	
Urban areas	13.5
Rural areas	15.0
Of which:	
Food	23.1
Grain	37.2
Clothing, shoes, and hats	15.9
Textile products	17.0
Books, newspapers, and magazines	9.0
Cosmetics	8.9
Articles for daily use	8.7
Household electronics appliances	2.3
Building and decoration materials	1.5
Prices for means of agricultural production	28.7
Cost of living prices for residents	16.1
Of which:	
Urban areas	16.1
Rural areas	16.0

Retail price for commodities	14.0
Purchasing prices for agricultural products	32.7
Producers' prices for manufactured products	9.0
Purchasing prices for raw materials, fuel, and power	14.2
Prices for investment in fixed assets	4.9

6. Foreign Economic Exchange

Foreign trade further expanded. The total import and export volume in 1995 was \$10.99 billion, registering an increase of 13.4 percent as compared with the previous year. Of this, the total volume of export was \$2.73 billion, down by 3.3 percent; that of import, \$8.26 billion, up 20.3 percent. Export of local products valued at \$6.56 billion, up 24.1 percent; the export of three-type foreign-invested enterprises valued at \$2 billion, up 23.8 percent. The structure of export commodities continued to improve, and the export of finished industrial products increased by a large margin. The exported finished industrial products amounted to \$4.79 billion, up 25 percent, with its share in the total export volume rising from 55.8 percent in 1994 to 58 percent. Of this, the exported mechanical and electronics products amounted to \$1.5 billion, up 22 percent as compared with the previous year.

The quality of utilization of foreign capital was raised, and the investment structure continued to improve. The new agreements signed by the province in 1995 on the utilization of foreign capital reached 2,848, with a contracted foreign capital of \$4.668 million, down by 6.6 percent as compared with the previous year. Of this, the investment directly made by foreign traders amounted to \$3.974 billion, down by 11.5 percent; and the actually utilized foreign capital amounted to \$1.097 billion, down by 3.8 percent. The investment sphere extended from the manufacturing industry to the basic industry. Of the investment by foreign traders, the share of the investment in the manufacturing industry rose from 54.8 percent in 1994 to 62.8 percent, and that in agriculture, transport, and basic industries rose from 1.6 percent to 2.2 percent. In 1995, 368 joint ventures were established, with a total contracted investment of \$930 million. Of them, 103 were large joint ventures, with a total contracted investment of \$720 million. The scale and technology content of foreign-invested projects both increased, and the foreign-invested projects each with a total investment of more than \$10 million reaching 133, 42 more than the figure in 1994. These projects

involved a contracted foreign capital of \$1.95 billion, accounting for 41.8 percent of the total contracted foreign investment. By the end of 1995, the number of foreign-invested enterprises of three types increased to 12,971, of which, 5,307 were put into production and started business.

The investment outside the border continued to increase. In 1995, the province newly established 22 productive enterprises outside the country, with a total investment of \$9.74 million. As of the end of 1995, the province set up a total of 245 productive enterprises outside the country, with the total investment reaching \$170 million.

Contracts for overseas construction projects and export of labor services and technology saw fairly great progress. A total of 793 construction and labor service contracts involving \$630 million yuan were signed by Liaoning with foreign countries in 1995. This increased 12.8 percent over the previous year, and completed transactions amounted \$320 million. The number of persons involved in providing service in foreign countries came to 27,000, up 9.4 percent. Newly signed contracts on technology exports totaled 77, and involved \$180 million, up 38.8 percent over the previous year. Newly signed contracts on technology imports totaled 145, and involved \$550 million, increasing 77.4 percent over that of the previous year.

International tourism made steady progress. Liaoning received 264,000 foreigners and people from Hong Kong, Macao, and Taiwan for transit or sightseeing, 14.2 percent more than in the previous year. Foreign exchange income from tourism amounted to \$190 million, up 13.9 percent.

7. Finance, Banking, and Insurance

The revenue continued to grow despite its tight operation. Tax revenues in 1995 amounted to 33.66 billion yuan, up 10.5 percent over the previous year. Local income registered 18.36 billion yuan, up 19.5 percent. Local expenditure hit 26.96 billion yuan, up 20.6 percent. Of local expenditure, funds used to transform enterprises increased 14.2 percent; funds used to supporting agricultural production increased 8.1 percent; funds subsidizing trial production of new products, intermediary experiments, and important scientific research increased 28.9 percent; and funds for education undertaking increased 20.3 percent.

The financial situation was fairly stable. In 1995, the newly increased saving deposits outstripped loans. The saving deposits in the banking organizations of the entire province at the end of the year increased 58.6 billion yuan compared with the beginning of the year, an

increase of 28.8 percent. Of this, the saving deposits of urban and rural areas hit 175.86 billion yuan, increasing 47.23 billion yuan, or 36.7 percent. Loans of all kinds increased 4.6 billion yuan as compared with that at the beginning of the year, up 19 percent. The loan structure changed. The proportion of short-term loans picked up, while that of mid- and long-term loans decreased. At the end of the year, short-term loans was 24.93 billion yuan more than that at the beginning of the year, up 17 percent. Its proportion in loans of all kinds rose from 73.5 percent in 1994 to 74.1 percent in 1995. Mid- and long-term loans outstripped that at the beginning of the year by 5.25 billion yuan, up 12.8 percent, and its proportion decreased from 20.6 percent to 15.6 percent.

Insurance undertaking registered encouraging progress. The value of insurance policies totaled 771.09 billion yuan, increasing 42.2 percent as compared with that of the previous year. Premium for insurance amounted to 3.56 billion yuan, up 22 percent. Of this, the premium for property insurance hit 1.88 billion yuan while that for life insurance was 1.25 billion yuan. An indemnity of 1.49 billion yuan was paid for property loss cases, and 510 million yuan was paid to persons as reparations in life insurance programs.

8. Science, Education, Culture, Public Health, and Sports

New headway was made in scientific and technological undertakings. Liaoning gained 1,796 key scientific results in various natural sciences in 1995. Of this total, 1,027 scientific results won prizes. Among the scientific results Liaoning obtained, 1,548 were disseminated and used in different degrees, accounting for 86.2 percent. Construction was completed for two state-level engineering research center — one for agricultural chemicals and one for sensors. Up to the end of 1995, Liaoning had had nine state-level research centers and technology centers of various kinds, and 12 key provincial-level laboratories and dissemination centers. Throughout the year, the province arranged a total of 809 scientific research projects and 86.9 percent of this total, or 703, projects, were completed or progressed according to schedule.

Patent work developed steadily, technology markets remained thriving, and technological supervision was further strengthened. Throughout the whole year, 4,449 patent applications were handled, and 2,745 of them were approved. Technology contracts totaling 17,200 were signed, and transactions showed an increase of 6 percent over the preceding year to reach 2.29 billion yuan. By the end of the year, Liaoning had 135 product quality monitoring departments, which investigated and

handled 180 cases concerning production and marketing of fake and inferior products.

Education continued to develop. Regular schools of higher learning recruited 53,000 students for regular and specialized courses, so that the total number of students reached 179,000; and 44,000 students graduated. They also recruited 2,367 graduate students, making the total number of graduate students 7,236; and 1,425 students graduated with doctor's or master's degrees. Secondary vocational and technical education made headway continuously. Secondary vocational and technical schools had 433,000 students, accounting for 59.7 percent of the total number of students at the senior high school level. Efforts were intensified to make the nine-year compulsory education universal. Students at junior high schools totaled 1.717 million, students at primary schools totaled 3.752 million, and primary school attendance rate of school-age children was 99.29 percent. Adult schools at senior and junior high school levels recruited 82,000 students, making the total number of students 241,000; and spare-time schools at junior high school and primary school levels and technical training schools had 3.126 million students.

Cultural undertakings continued to flourish. By the end of the year, Liaoning had 89 art performing groups, which staged 12,000 performances for 10.481 million people; and 4,159 film projection units, which presented 521,000 shows for 110 million people. It had 128 mass art and culture centers; 127 public libraries, which had 13.723 million books in circulation; 26 museums and 155 archives; 72 radio stations, which opened 86 sets of programs; and 34 television stations, which opened 38 sets of programs.

Medical services and public health saw further improvement. By the end of the year, Liaoning had 203,000 beds in their health units, of which 180,000 were hospital beds. Professional medical personnel totaled 233,000, of whom 95,000 were doctors, up 0.1 percent from the preceding year; and 74,000 were nurses, up 1.3 percent.

Sports made new headway. At major domestic and international competitions, Liaoning's athletes won eight world champions, 29 Asian champions, and 89 national champions. One athlete broke one world record on one occasion, three broke three Asian records on three occasions, and 15 broke 11 national records on 18 occasions; but the level of some sports contests declined. Mass sports activities were carried out extensively, with an aim to improve people's health. Participation was encouraged, and people participating in the sports activities numbered 17 million, and 96 percent of students met the "national standards for physical exercises."

9. Environmental Protection and Natural Disasters

Environmental protection was intensified. Soot-control zones covering an area of 790.9 square km were established in the cities throughout the province, accounting for 84.1 percent of the total urban areas; zones covering an area of 366.9 square km were established where noise pollution was put under the specified level, accounting for 39 percent of the total urban areas. By the end of the year, Liaoning had 650 environmental protection enterprises and institutions employing 124,000 persons; and 91 environment monitoring stations.

Losses due to natural disasters were rather serious. Central Liaoning was hit by catastrophic floods in late July, which damaged 3,621 km of dikes, 4,885 aqueducts and bridges, 54 railway bridges and culverts, 136.4 km of railway roadbeds, 1,243 highway bridges and culverts, 1,500 km of highway roadbeds, and 892,000 hectares of farmland, of which 347,000 hectares became unable to yield anything. One thousand eight hundred industrial enterprises at and above the county (district) level suspended production for some time due to the floods, discontinued traffic service, or experienced power and water supply outages, and 132 of them were large and medium-sized enterprises. People afflicted by floods totaled 5.8 million, and 603,000 houses were destroyed or collapsed.

10. Population and People's Life

In 1995, the birth rate of the population in the province was 12.17 per thousand, and the death rate was 6.15 per thousand, resulting in a natural growth rate of 6.02 per thousand. By the end of 1995, the province's total population came to 40.92 million, an increase of 250,000 over the figure at the end of 1994.

Income and expenditure of residents increased steadily. The annual per capita income of urban residents that could be used for living expenses was 3,307 yuan, up 20.2 percent over the previous year, or a real growth of 3.5 percent when price rises are taken into account; and the per capita expenditure of urban residents on consumption items was 3,113 yuan, up 20.3 percent. The annual per capita net income of rural residents was 1,757 yuan, up 23.4 percent, or a real increase of 1.5 percent when price rises are taken into account; and the per capita expenditure of rural residents on consumption items was 1,472 yuan, up 18.7 percent. However, the gaps in the income level between different localities and between different classes were widened. And, in particular, there was a decrease in real income of the people in the areas severely afflicted by natural calamities, workers of the enterprises beset with difficulties in production and operation, and retired workers.

Proportion of urban and rural households divided by annual per capita income:

Annual per capita income of urban households that could be used as living expenses	Proportion
Less than 1,800 yuan	10.7
From 1,800 yuan to 3,000 yuan	36.0
From 3,000 yuan to 4,800 yuan	38.6
From 4,800 yuan to 7,200 yuan	12.7
More than 7,200 yuan	2.0

Annual per capita net income of rural households	
Less than 800 yuan	9.9
From 800 yuan to 1,500 yuan	33.2
From 1,500 yuan to 2,500 yuan	38.5
From 2,500 yuan to 3,500 yuan	13.4
More than 3,500 yuan	5.0

New headway was made in labor and employment work. In 1995, there were 1,276 employment agencies of various types in the province, and 25,500 urban people were newly given jobs, of whom, 35.2 percent were employed through the development of diverse economic sectors and economic entities. By the end of 1995, the employed people in urban areas numbered 11.588 million. Staff and workers numbered 10.187 million, or 127,000 persons fewer than the end of the previous year, of whom, staff and workers employed on a contract basis numbered 4.193 million, accounting for 41.2 percent of the total number of staff and workers. The people employed by private businesses or self-employed in urban areas numbered 1.18 million, or 242,000 people more than the end of the previous year. The registered unemployment rate in urban areas stood at 2.6 percent.

The social insurance system reform was promoted. By the end of 1995, 47,000 enterprises and 5.47 million staff and workers joined the old-age insurance policy. The scale of unemployment insurance continued to expand, and 6.745 million staff and workers joined the unemployment insurance. A total of 2.34 million staff and workers joined the injury insurance, and 1.56 million retired people acceded to the insurance under the unified social management. The rural old-age insurance, with individual accounts as the mainstay and with collective subsidies as the supplement, was

expanded gradually, and 3.66 million peasants joined this insurance.

Urban and rural living conditions continued to improve. A total of 16.88 million square meters of new residential buildings were completed in urban areas, and 7.421 million square meters of new houses were built in rural areas. At the end of 1995, the per capita housing space of urban residents was 7.7 square meters, 0.3 square meters more than the figure at the end of the previous year; and the per capita housing space of rural residents for living use was 19.1 square meters, an increase of 0.4 square meters.

Social welfare service was strengthened further. By the end of 1995, there were 45,000 beds in social welfare institutions of various types in the province, with 35,000 occupants. Some 19.02 million people in need received relief funds from the state. By the end of 1995, 2,366 community service facilities were established in urban areas, and the social security network were established in 980 rural townships, accounting for 79.3 percent of the total.

Notes:

- 1) All figures in this communique are preliminary statistical figures.
- 2) Figures in value terms on gross domestic product and value added by various sectors quoted in this communique are at current prices, whereas growth rates are calculated at comparable prices.
- 3) The total added value of rural society is the sum of the added value of agriculture, forestry, animal husbandry, fishery, rural industry, construction, transportation, and commerce.

Northwest Region**PRC: Gansu Secretary Speaks at Construction Work Meeting**

SK2803071196 Lanzhou GANSU RIBAO in Chinese
28 Feb 96 p 1

[By reporter Han Fengbiao (7281 7685 1753): "Yan Haiwang Points Out That Great Attention Should Be Paid to Construction Quality at Provincial Construction Work Conference"]

[FBIS Translated Text] At the provincial construction work conference held on 27 February, Yan Haiwang, secretary of the provincial party committee, pointed out that all relevant departments should pay great attention to the decline in construction quality and that designing and construction should be carried out meticulously to ensure the safety of people's lives and property.

Yan Haiwang emphasized: It is time that we must pay attention to construction quality. Quality is the foundation for any projects of vital and lasting importance, and earnest efforts should be made to improve construction quality. There have been many reasons for the decline in our construction quality over the past few years. However, the major ones have been the chaotic management of the construction market, where corruption and unhealthy trends exist. Construction quality cannot be improved if corruption and unhealthy trends are not corrected. Lax supervision and loose enterprise quality control have also been the important reasons for the decline in construction quality. We should strictly enforce laws and discipline, conscientiously investigate and handle all quality-related incidents, pursue the liabilities of the persons and departments responsible for the incidents, and strive for great improvement in construction quality.

Yan Haiwang said: Gansu achieved encouraging results in the construction undertakings during the Eighth Five-Year Plan period. We should summarize the good experiences accumulated in these years and carry them forward in the future. We should pay great attention to problems and solve them. We should pay close attention to and successfully carry out all the construction projects for infrastructure, industry, and agriculture that the province has decided on for the Ninth Five-Year Plan period.

Construction work during the Eighth Five-Year Plan period was summarized, construction targets for the Ninth Five-Year Plan period and the year 2010 were defined, and the 1996 work was arranged at the conference.

Vice Governor Guo Kun spoke at the conference.

Attending were provincial leaders Lu Kejian, Shen Xiaozeng, and Rao Fengzhu.

PRC: Qinghai Public Security Office Strengthens Social Order

SK2803044796 Xining QINGHAI RIBAO in Chinese
15 Feb 96 p 1

[By reporters Shi Yuzhu (0670 3768 3796) and Liu Yanping (0491 3601 5493)]

[FBIS Translated Text] The provincial public security department expanded the dynamics of comprehensively improving social order and launched a province-wide campaign of checking major cases to ensure that the people can cheerfully spend the Spring Festival.

In 1995, facing the new trend that cases of organized violence tended to rise, public security organs across the province concentrated energy and took measures for linking the attack with prevention and coordinat-

ing sudden investigations with the basic work related to the improvement of social order; relied on various social forces; and made noticeable achievements in comprehensively improving social order. A total of 5,746 criminal cases were cracked during the year. The major and appalling cases cracked in 1995 was 373 more than that in 1994. Of the major and appalling cases, 82.85 percent of four kinds of major criminal cases, inflicting great damages and bad influence, were cracked. With a focus on dealing blows to serious criminals with aggressive violence, the public security organs waged the third special struggle against activities of illegally manufacturing and trafficking in firearms and checking narcotics. In 1995, the province cracked 30 cases of serious violence and 126 cases of illegally manufacturing and trafficking in firearms, confiscated 618 firearms and 1.134 million bullets, cracked 174 cases of producing and trafficking in narcotics, confiscated more than 5,110 grams of heroin and opium, and destroyed 534 gangs of more than 2,000 criminals.

The province strengthened the improvement of social order in the grass roots as well as the functions of the networks where the masses are mobilized to prevent criminal activities. In 1995, the province intensified the construction of nearly 6,000 urban and rural organizations for the overall improvement of social order; and consolidated the public order among 528 townships, villages, and public places with more security problems, thus preliminarily bringing about a change in the situation in which the social order of a few localities was confused. Last year, public security organs across the province accepted nearly 10,000 such cases, of which more than 90 percent were investigated and handled. All this has effectively safeguarded the province's gratifying economic situation and the peacefulness of the people.

PRC: Qinghai Releases 1995 Statistical Communique

SK2703063896 Xining QINGHAI RIBAO in Chinese
16 Feb 96 p 2

[Statistical communique issued by the provincial statistical bureau on Qinghai Province's 1995 economic and social development on 13 February; place not given]

[FBIS Translated Text] Firmly focusing on the general task of "seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" in 1995, governments at all levels in Qinghai Province comprehensively implemented the various central measures for strengthening macro-control; conscientiously carried out the various tasks put forward at the third plenary session of the eighth provincial party

committee and the third session of the eighth provincial people's congress; and, with the vigorous efforts of the people of various nationalities throughout the province, made new achievements in reform, opening up, economic construction, and various social undertakings. Macro-control yielded notable results; the economy operated smoothly; more effort was exerted in exploiting resources; economic strength was enhanced; inflation dropped notably; and living standards were improved. According to initial statistics, the annual GDP totaled 16.515 billion yuan, an increase of 8.0 percent over the preceding year in terms of comparable prices. The added value to primary industry totalled 3.9 billion yuan, a decrease of 0.5 percent; the added value to the secondary industry totalled 6.512 billion yuan, an increase of 8.6 percent; and the added value to the tertiary industry totalled 6.103 billion yuan, an increase of 11.8 percent. Both the annual plan and Eighth Five-Year Plan were fulfilled. The proportions of the primary, secondary, and tertiary industries were 23.62 percent, 39.43 percent, and 36.95 percent in 1995 as against 22.94 percent, 42.21 percent, and 34.85 percent, respectively, in 1994.

Difficulties and problems also existed in economic operations. Major difficulties and problems were the weak foundation for agriculture and animal husbandry, the strained financial situation and money supply, the difficulties in production and business experienced by some enterprises, and the problems in the pattern and efficiency of economic growth.

1. Agriculture

Qinghai achieved fairly good production in agriculture and animal husbandry in 1995, despite serious drought, snow storms, and hail storms. Its agricultural output value totalled 5.51 billion yuan at current prices and 2.823 billion yuan at 1990 constant prices, a decrease of 0.2 percent from the preceding year. Of the total, the output value of agriculture totalled 1.362 billion yuan, a decrease of 2.8 percent; that of animal husbandry totalled 1.379 billion yuan, an increase of 2.5 percent; that of forestry totalled 74 million yuan, an increase of 2.3 percent; and that of fisheries totalled 8 million yuan, a decrease of 21.3 percent.

The total acreage of farmland increased, the structure of crops was adjusted, and the production of grain and oil-bearing crops declined due to disasters.

Seeded areas and output of major crops are as follows:

	1995	Percentage increase over 1994
Seeded areas of crops	568,800 hectares	1.2
Of which: grain	384,250 hectares	-0.7
oil-bearing crops	149,770 hectares	3.6
vegetables	12,440 hectares	23.0
Grain output	1,141,900 tonnes	-2.3
Oil-bearing crop output	162,100 tonnes	-12.1
Vegetable output	383,100 tonnes	12.7

In 1995, 28,010 hectares of land were afforested, a decrease of 2.8 percent from the preceding year.

Animal husbandry production remained the same as in normal years. According to a sample survey, 968,200 young herbivorous animals died, a death rate of 4.3 percent, an increase of 0.8 percentage points. A total of 5,415,500 new-born animals lived, with the survival rate being 79.5 percent, a decrease of 6.7 percentage points. Thus, newly-born animals totalled 4,447,300, with the increase rate being 19.6 percent, a decrease of 3.0 percentage points. In 1995, slaughtered animals totalled 5,172,400, an increase of 10.7 percent. Up until the end of the year, the numbers of animals in stock totalled 22,253,100, a decrease of 1.7 percent. Of this total, draft animals in stock totalled 5.59 million, a decrease of 4.8 percent. The number of sheep and goats in stock registered 16,663,100, a decrease of 0.7 percent. Up until the end of the year, the number of pigs in stock totalled 1,088,600, an increase of 7.1 percent.

Output of major animal products: (unit: 10,000 tonnes)

	1995	Percentage Increase Over 1994
meat	18.37	3.0
of which: mutton	6.13	5.5
beef	6.29	8.1
pork	5.61	8.6
sheep and goat wool	1.79	-0.4

	1995	Percentage Increase Over 1994
of which: sheep wool	1.73	-0.5
poultry and eggs	1.24	0.4

In 1995, aquatic products totaled 2,444 tonnes, a decrease of 32.1 percent. Of this total, the output of live-stock breeding totaled 640 tonnes, a decrease of 5.2 percent.

Agriculture was further modernized. Up until the end of 1995, the power of farm machinery totaled 1,884,700 kilowatt, an increase of 8.4 percent over the previous year. Large and medium tractors totaled 3,200, a decrease of 7.0 percent. Small hand-guided tractors totaled 112,900, an increase of 11.4 percent. Trucks for farm use totaled 4,800, an increase of 4.8 percent. The aggregate power of machinery totaled 85,400 kilowatt, an increase of 5.1 percent. Power consumption in rural areas totaled 204 million kilowatt hours [kwh], a decrease of 5.5 percent. Acreage of tractor-ploughing farmland totaled 256,4000 hectares, an increase of 6.8 percent. Up until the end of the year, hydropower stations run by rural areas totaled 46, with a generating power of 7,300 kilowatts.

Fairly good results were seen in water conservancy work. In 1995, the acreage of newly-added farmland totaled 4,990 hectares, and newly-added farmland with effective irrigation systems covered 320 hectares. In 1995, the investment by rural households in agricultural production increased. Used chemical fertilizers (100 percent effective content equivalent) increased by 6.4 percent. Used farm chemicals increased by 5.4 percent.

2. Industry and Construction Industry

In 1995, industrial production took resource development as the opportunity; actively adjusted the product mix; overcame difficulties, such as shortages of power and funds; and maintained steady development. The industrial output value totaled 15.15 billion yuan at current prices, and totaled 9.488 billion yuan at 1990 constant prices, representing an increase of 12.1 percent over the previous year. Industrial enterprises at and above the township level totaled 8,637 billion yuan (1990 constant prices), an increase of 10.6 percent over 1994. Of this total, the output value of light industry totaled 2.224 billion yuan, an increase of 14.5 percent, and that of heavy industry totaled 6.413 billion yuan, an increase of 9.4 percent. State-owned industrial enterprises hit an output value of 7.220 billion yuan, an increase of 9.5 percent; collective-owned industrial en-

terprises hit an output value of 1.400 billion yuan, an increase of 15.5 percent. In 1995, industrial enterprises at and above the township level achieved sales valued at 13.588 billion yuan at current prices, an increase of 16.2 percent. Of this total, light industry totaled 2.858 billion yuan, an increase of 25.3 percent, and heavy industry totaled 10.73 billion yuan, an increase of 13.9 percent. State-owned industries totaled 12.061 billion yuan, an increase of 15.6 percent, and collective-owned industries totaled 1.51 billion yuan, an increase of 19.0 percent. The product marketing rate of industrial enterprises at and above the township level totaled 95.3 percent, a decrease of 0.7 percentage points as compared with that of the previous year. In 1995, the total output value of large- and medium-sized industrial enterprises in the province amounted to 5.668 billion yuan, an increase of 7.7 percent over 1994; and the sales value of these enterprises amounted to 9.947 billion yuan, up 14.4 percent.

Output of major industrial products is as follows:

	1995	Percentage Increase Over 1994
Electricity	5.921 billion kwh	-16.6
Of which: Hydropower	4.173 billion kwh	-27.2
Crude oil	1,217,000 tonnes	7.6
Raw coal	2,682,300 tonnes	7.6
Steel	355,000 tonnes	-22.1
Rolled steel	306,600 tonnes	-17.7
Aluminum ingots	111,700 tonnes	-2.4
Electrolytic magnesium	3,400 tonnes	0
Pure silicon	5,900 tonnes	-31.4
Ferroalloy	163,300 tonnes	0.8
Gold	827.51 kg	66.0
Copper content of copper concentrate	1,500 tonnes	16.4
Lead content of lead concentrate	31,300 tonnes	20.8
Zinc content of zinc concentrate	39,000 tonnes	12.1
Cement	636,800 tonnes	1.4
Asbestos	56,300 tonnes	-11.6

	1995	Percentage Increase Over 1994
Salt	795,000 tonnes	-13.6
Metal cutting machine tools	452 sets	-42.3
Bulldozers	170 sets	5.0
Sulfuric acid	37,900 tonnes	49.2
Soda ash	13,500 tonnes	3.8
Chemical fertilizer (100 percent)	236,500 tonnes	51.1
Of which: Potash fertilizer	220,700 tonnes	51.1
Plastic products	3,400 tonnes	18.2
Of which: Plastic film for agricultural use	1,800 tonnes	0
Compound feed	43,600 tonnes	147.7
Cigarettes	30,000 cases	0
White spirit	14,700 tonnes	-14.7
Woolen goods	1,265,600 meter	-13.5
Knitting wool	4,615,700 tonnes	-31.9
Woolen blankets	174,700 pieces	-19.4
Carpets	128,700 cubic meters	17.7
Cloth	30,782,600 meters	9.9
Daily-use refined aluminum products	17,999,300 tonnes	13.2

The composite index of the economic efficiency of industrial enterprises at or above the township level, which exercise independent accounting and each with an annual output value of 1 million yuan or more, was 51.57 percent, a drop of 6.4 percentage points from 1994. The total amount of profits and taxes of these enterprises was 447 million yuan, a drop of 35.7 percent; and the range of deficit was 43.6 percent, an increase of 3.3 percentage points. The composite index of economic efficiency of state-owned industrial enterprises was 51.88 percent, down 6.4 percentage points from 1994; the total amount of their profits and taxes was 424 million yuan, down 36.3 percent; and the range of deficits was 48.4 percent, up 7.3 percentage points.

New headway was made in construction. In 1995, the total output value of state-owned construction industrial

enterprises in the province was 1.811 billion yuan, an increase of 26.0 percent over 1994; the area of buildings under construction reached 1.284 million square meters, up 13.6 percent; the area of the completed buildings reached 622,000 square meters, up 13.4 percent; and per-capita labor productivity was 33,623 yuan, up 32.3 percent.

In 1995, the geological prospecting work was strengthened. In 1995, the geological prospecting sector in the province fulfilled a work load of 15,900 meters in core drilling and newly discovered 9 mineral deposits. Major progress was made in developing four mining areas. The newly added proven mineral reserves included: 64 million tonnes of potassium chloride, of which 7.71 million tonnes were of industrial use; 20 tonnes of gold for engineering use; 7.92 million tonnes of limestone used for glass production; and 38.45 million tonnes of cement stone.

3. Investment in Fixed Assets

Investments in fixed assets increased. In 1995, the province invested 5.141 billion yuan in fixed assets, an increase of 15 percent. When factors for price increases were deducted, the real increase was 9.2 percent. Of this, investment by state-owned units totalled 4.362 billion yuan, an increase of 9.5 percent; that of collective units totalled 388 million yuan, an increase of 178.9 percent; and that of urban and rural residents totalled 391 million yuan, an increase of 12.4 percent.

Of the investment by state-owned units, the investment in capital construction totalled 3.127 billion yuan, an increase of 12.2 percent. Of this, investment in central projects totalled 1.809 billion yuan, a decrease of 2.5 percent; that in local projects totalled 1.318 billion yuan, an increase of 41.6 percent. Of the investment in capital construction projects, investment in productive construction projects totalled 2.431 billion yuan, an increase of 11.9 percent; that in non-productive construction projects totalled 696 million yuan, an increase of 13 percent.

The proportion of investment by state-owned units in the total investment in fixed assets decreased from 89.11 percent in 1994 to 84.84 percent in 1995; that of collective units rose from 3.11 percent to 7.55 percent; and that of urban and rural individuals decreased from 7.78 percent to 7.61 percent.

Of the investment by state-owned units, investment in technological transformation and equipment renewal projects totalled 737 million yuan, an increase of 8.2 percent. Of this, investment in the central projects totalled 131 million yuan, a decrease of 8.5 percent; that in the local projects totalled 606 million yuan, an

increase of 12.7 percent; that in productive construction projects totalled 661 million yuan, a decrease of 7 percent; and that in non-productive projects totalled 76 million yuan, an increase of 19.6 percent.

Of the investment by state-owned units, investment in other fixed assets totalled 341 million yuan, a decrease of 13.2 percent; that in real estate development totalled 157 million yuan, an increase of 30 percent.

The investment structure continued to improve. Of the investment by state-owned units, investment in the primary industry totalled 85 million yuan, an increase of 120 percent; that in the secondary industry totalled 3.045 billion yuan, an increase of 5.6 percent; and that in the tertiary industry totalled 1.232 billion yuan, an increase of 16.1 percent. Of the investment by state-owned units, investment in the energy resource industry totalled 2.13 billion yuan, an increase of 12.3 percent, and that in transport and post and communications trades totalled 447 million yuan, an increase of 2.4 percent.

Key projects progressed smoothly. Investment in 10 large and medium projects covered in state and provincial plans totalled 1.676 billion yuan. The no. power generation unit of the fifth-phase Qiaotou Power Plant, a state key project, was fed onto the grid on schedule; the no. 2 power generation unit is under rapid construction. The main dikes built for the Lijiaxia Hydropower Station reached an average height of 2,128; the frame structures of key station workshops were erected; and the construction of assembly shops commenced. All this helped lay a good foundation for ensuring that the no. 1 generation unit of the power station will go into operation in 1996. The province attained the annual scheduled construction targets for the project for developing the Qinghai Oil Field, the power transmission project of the fifth-phase Qiaotou Power Plant, and the calcium carbide project of the Qinghai Electrochemical Industrial Plant.

Newly increased production capacity and efficiency through capital construction were mainly as follows:

	Amounts
Crude oil	100,000 tonnes per year
Electrolysis aluminum	15,000 tonnes per year
Electricity generation units	250,000 kilowatts
Power transmission lines	6,505 km
Sulphuric acid	14,000 tonnes per year
Highways newly built	69 km

	Amounts
Highways rebuilt	287 km
Urban automatic telephone switchboards	11,500 lines

4. Transportation, Post, and Telecommunication

All localities in the province made active efforts to develop transportation in 1995, which resulted in an increase in the railway transportation capacity, highway mileage, and civil aviation routes and flights.

The volume of passenger and freight transportation is listed as follows:

	1995	Percentage increase over 1994
Volume of freight transportation	35,283,300 tonnes	6.0
of which: railway	5,316,000 tonnes	1.1
highway	28,870,000 tonnes	7.2
airways	300 tonnes	46.8
pipelines	1,097,000 tonnes	14.3
Turnover of freight transportation	6,642,940,000 tonne/km	8.3
of which: railway	3,673,200,000 tonne/km	9.4
highway	2,488,150,000 tonne/km	5.9
airways	567,000 tonne/km	38.3
pipelines	481,035,000 tonne/km	14.3
Volume of passenger transportation	23,055,000 persons	6.6
of which: railway	2,282,000 persons	3.2
highway	20,740,000 persons	6.7
airways	33,000 persons	50.0
Turnover of passenger transportation	1,898,370,000 person/km	4.9
of which: railway	640,270,000 person/km	1.7

	1995	Percentage increase over 1994
highway	1,207,160,000 person/km	5.5
airways	50,940,000 person/ km	43.5

Conditions for the postal and telecommunications service notably improved in 1995, and transactions increased sharply. The Xining telephone network was smoothly upgraded, with the number of digits of telephone numbers increased, and all local telephones in areas where autonomous prefectural (prefectural, city) governments were located were program-controlled. The annual transactions of postal and telecommunications service totalled 156.135 million yuan, an increase of 35.5 percent over the preceding year. In the major postal and telecommunications service, letters delivered totalled 33.54 million, a decrease of 0.8 percent from the preceding year; express letters registered an increase of 20.2 percent; money orders totalled 1.519 million, a decrease of 8.7 percent; and long-distance telephone calls totalled 19.871 million, an increase of 65.9 percent. The year-end number of urban telephone subscribers totalled 91,200, an increase of 69.2 percent, of which 56,100 were private telephone subscribers, an increase of 1.3 times; rural telephone subscribers totalled 2,800, an increase of 26.4 percent; and papers and mobile telephones totalled 15,810, an increase of 1.1 times.

5. Domestic and Foreign Trade

Commodity distribution departments throughout the province continued to deepen their structural reform in 1995, resulting in the smooth operation of the retail markets for consumer goods. The annual retail sales for consumer goods totalled 5.639 billion yuan, an increase of 17.6 percent over the preceding year, or an increase of 1.1 percent when inflation is taken into account. Of the total, retail sales of cities totalled 3.251 billion yuan, an increase of 18.1 percent; those of counties totalled 1.512 billion yuan, an increase of 16.9 percent; and those of areas below the county level totalled 876 million yuan, an increase of 17.2 percent. Calculated based on ownership, the retail sales of state-owned enterprises totalled 2.595 billion yuan, an increase of 16.4 percent; those of collective enterprises totalled 855 million yuan, an increase of 13.0 percent; those of private enterprises totalled 59 million yuan, a decrease of 40.9 percent; those of joint ventures totalled 15 million yuan, a decrease of 15.7 percent; and those of other sectors totalled 2.115 billion yuan, an increase of 25.2 percent. Calculated based on trades, the retail sales

of wholesale units and retailers totalled 4.176 billion yuan, an increase of 16.9 percent; those of the catering trade totalled 417 million yuan, an increase of 14.6 percent; those of manufacturers totalled 310 million yuan, an increase of 19.7 percent; those of other trades totalled 736 million yuan, an increase of 23.1 percent; and those of goods sold by peasants to nonagricultural people totalled 578 million yuan, an increase of 22.9 percent.

The sales income of agricultural means of production increased in 1995. The sales income of agricultural means of production across the province was 390 million yuan, an increase of 14.3 percent.

In 1995, the province saw new progress in opening up to the outside world. During the National People's Congress and the National Chinese People's Political Consultative Conference sessions held last March, the news center of the "two sessions" held a new conference for the province; in October, the State Planning Commission and the provincial government jointly held a seminar on the development of resources of Qinghai Province's Qaidam Basin in Beijing, and expanded Qinghai's external propaganda, which produced positive effect. The annual import and export volume of foreign trade totalled \$162.26 million, up 13.1 percent over the previous year. Of this sum, the volume of exports totalled \$138.07 million, up 11.8 percent over the previous year, and that of imports, \$24.19 million, up 22.1 percent. Of the total exports, the export of animal by-products totalled \$8,795,000, a decline of 16.9 percent; that of native and special products, \$3.045 million, up 57.6 percent; that of nonferrous metal and mining products, \$64,172,000, up 16.8 percent; that of Chinese medicinal herbs, \$12,243,000, up 1.7 percent; that of grain, oil-bearing crops, and foodstuffs, \$6.685 million, up 23.5 percent; that of textile products, \$11.823 million, a decline of 14.8 percent; and that of chemical industrial products, \$1.042 million, up 120 percent.

The total annual purchases of goods for export were valued at 858 million yuan, up 0.8 percent over the previous year.

Overseas tourist industry was soundly developed in 1995. During the year, the province received 13,332 foreigners, compatriots from Hong Kong and Macao, and overseas Chinese who came to Qinghai for tour and visit or on business activities, an increase of 40 percent over the previous year; foreign exchange earned from tourist industry totalled 19.09 million yuan, an increase of 4.2 percent over the previous year.

6. Market Prices

In 1995, governments at all levels across the province and relevant departments regarded controlling price inflation as the task of prime importance, vigorously adopted effective measures to curb price inflation, and achieved noticeable results. The annual increase in retail prices of goods declined from 23.2 percent in the previous year to 16.3 percent, of which, the increase in December declined from 26.1 percent in the previous year to 9.5 percent. The annual retail price index ranked 20 in an ascending order among various provinces, cities and prefectures across the province.

	percentage increase in prices over 1994
Retail prices of	
1. Commodities	16.3
of which, urban areas	15.9
rural areas	16.7
2. Residents' consumer prices	18.0
of which, urban areas	19.7
rural areas	15.7
of which, foods	25.0
grain	37.4
edible cereal oil	14.0
meat, poultry, and related products	35.8
eggs	15.0
aquatic products	15.1
fresh vegetables	30.1
Clothing	13.3
Household equipment and articles	11.5
Medical and health care items	11.8
Means of communications, telecommunications	0.3
Recreation, educational, cultural goods	17.9
Housing	8.8
Service items	16.8
3. Prices of agricultural means of production	23.9
4. Factory prices of industrial goods	14.6

	percentage increase in prices over 1994
5. Purchasing prices of agricultural goods	15.4
6. Prices of investment in fixed assets	5.3
of which: building industry	4.3
equipment, instruments	6.7

7. Finance, Banking and Insurance Industry

New progress was made in finance and banking while continuously deepening reform of the structural reform system. In 1995, the financial revenue of the province reached 1.721 billion yuan, up 13.3 percent over the previous years. Of this figure, the local revenue was 861 million yuan, an increase of 22.8 percent, and that of the central revenue, 860 million yuan, up 5.2 percent. The financial expenditure was 2.869 billion yuan, up 13.1 percent.

By the end of 1995, the various kinds of savings deposits of banks and credit cooperatives totalled 12.82 billion yuan, an increase of 2.719 billion yuan over the previous year-end figure. Of this sum, the savings deposits of enterprises reached 4.271 billion yuan, an increase of 871 million yuan; that of urban and rural residents, 8.272 billion yuan, an increase of 1.957 billion yuan. The total amount of various kinds of loans granted by banks and credit cooperatives across the province was 22.491 billion yuan, an increase of 4.61 billion yuan over the previous year-end figure. After offsetting the bank loans from the savings deposits, we found that the amount of loans were greater than savings deposits by 9.231 billion yuan.

In 1995, the various kinds of cash income of banks across the province totalled 23.202 billion yuan, up 34.2 percent over the previous year; the cash expenditures totalled 24.46 billion yuan, an increase of 30.7 percent. If offsetting the expenditures from the revenues, we found that 1.258 billion yuan of currency was in circulation.

Insurance business saw steady and rapid development in the province. The annual income came from domestic insurance business totalled 165 million yuan, up 41.1 percent over the previous year; the expenditure on insurance business totalled 82 million yuan, up 22.8 percent, and the loss rate reached 49.6 percent. The income from insurance business involving foreigners totalled \$587,000, the expenditure on insurance business totalled \$233,000, and the loss rate was 39.7 percent.

8. Science, Education, Culture, Public Health, and Sports

In 1995, the provincial scientific and technological front conscientiously implemented the guidelines of the national and provincial scientific and technological conferences and continued to deepen reform of the scientific and technological system. By the end of 1995, the province had 107,000 professional technical workers of various descriptions, a decline of 0.6 percent from the previous year-end figure. Of this figure, 48,000 were natural science workers, a decline of 0.4 percent; and 59,000 were social science workers, a decline of 0.7 percent. There were 58 scientific research organs of all levels under the local departments at and above the county level, with 3,995 workers, of whom, 2,915 people were professional scientific research personnel. In 1995, the province registered 108 scientific research findings, disseminated and applied 68 items, and 22 of which produced economic efficiency after application. Of the registered scientific research findings, three attained the international leading level, 16 attained the domestic advanced level, and 36 attained the domestic advanced level.

In 1995, the province received 100 patent applications, a decline of 21 from the previous year, and approved 65 items during the year, an increase of seven over the previous year. The technology market signed 415 technical contracts during the year and the contracted sum reached 13,753,900 yuan.

Enterprises increased input in scientific and technological development. Large and medium-sized enterprises across the province had 36 professional technological development organs by the end of the year; enterprises raised 280 million yuan of funds for scientific and technological development, up 1.8 times over the previous year; 251 technological development items were organized, an increase of 12 over the previous year.

Education vigorously developed. In 1995, seven institutions of higher learning took in 2,350 new students and their enrollment reached 7,345. The enrollment of new students by 34 secondary specialized schools reached 4,271, making their enrollment totaling 13,643. The province's 471 ordinary high schools in the province took in 69,755 new students, including 50,955 junior high school students and 18,800 senior high school students; and these schools had an enrollment of 193,862. The 28 vocational middle schools took in 3,198 new students and had an enrollment of 11,673. The 3,437 primary schools took in 83,157 new students and had an enrollment of 447,978. The enrollment rate of school-age children was 87.4 percent, up 1 percentage points over 1994. There were 254,390 students of minority

nationalities studying in various types of schools in the province, accounting for 35.9 percent of the total students. There were 1,586 ordinary minority nationalities schools at various levels; and these schools recruited 39,769 new students during the year, accounting for 27 percent of their total enrollment figure of 182,043 and seeing an increase of 0.2 percentage points over 1994. There were 300 boarding primary schools, and these schools had an enrollment of 29,435, increasing 5.6 percent and 0.5 percent, respectively. There were three adult colleges in the province, and these three colleges took in 1,306 new students during the year and had an enrollment of 3,227. There were 19 adult secondary specialized schools, which took in 3,721 new students and had an enrollment of 9,892. The province's 615 adult technical schools recruited 251,498 new students and had an enrollment of 227,623.

Cultural and art undertakings steadily developed. By the end of 1995, the province had 1,081 cultural organizations, including 716 film-related organizations, 41 libraries, 270 cultural centers for the masses, and 14 specialized artistic groups.

Press and publication and radio and television undertakings were flourishing. By the end of 1995, there were 16 press agencies in the province, and 56.77 million copies of 16 newspapers and 790,000 copies of 39 magazines were published and issued. The publishing units published 209 Chinese books, 257 Chinese books for rental, 169 minority nationality literature books, and 100 minority nationality books for rental; and 950,000 copies of books were published during the year. As of the end of 1995, the province had four radio broadcasting stations and eight radio transmitting and relaying stations with a capacity of 459 kilowatts; and the radio coverage rate reached 58.5 percent. The province had five television stations, two cable television stations, and 320 television transmitting and relaying stations with a total capacity of over 72.06 kilowatts; and the television coverage rate reached 76 percent.

Governments at various levels paid attention to the environmental protection. By the end of 1995, the province had 11 environmental monitoring stations, and the environmental protection front had an employment of 399. Some 1.26 million yuan were invested in improving the environmental pollution. Eight dust control areas, occupying an area of 25.17 square km, were built.

Public health continued to develop smoothly. By the end of 1995, the province had 1,176 public health organizations, including 592 hospitals. Medical and public health units had 17,200 sickbeds, an increase of 300; and had 20,200 medical technicians, including 9,435 doctors and 5,689 nurses.

New achievements were made in sports. In 1995, our sports teams attended 45 international and domestic sport competitions, won one international championship and one national championship, and occupied five second places and seven third places. Through sports activities, 225 persons from the outside border came to Qinghai for highland sports training, mountaineering, sightseeing, inspections, and business.

9. Population and People's Life

Governments at all levels in the province conscientiously implemented the family planning target responsibility system and achieved good results in 1995. The province's birth rate was 22.01 per thousand, down 0.04 permillage points; and the death rate was 6.89 per thousand, resulting in a natural population growth rate of 15.12 per thousand, down 0.12 permillage points. Total population came to 4,812,000 by the end of the year, up 72,000 from the preceding year.

Urban and rural people saw a steady increase in their income. According to statistics, the total wage for all staff members and workers throughout the province was 3.792 billion yuan, up 15.9 percent from the preceding year; and their average per capita income was 5,838 yuan, up 17.3 percent, or 862 yuan. Sample surveys showed urban people's annual per capita cost of living income as 3,051 yuan, an increase of 20.2 percent over the preceding year, or an increase of 0.4 percent when inflation was taken into account; and their per capita consumer spending as 2,870 yuan, an increase of 20.0 percent, or 0.2 percent when considering inflation. The annual per capita net income of the peasants and

herdsmen throughout the province came to 1,030 yuan, an increase of 2.3 percent when considering inflation; and their per capita consumer spending was 914 yuan, an increase of 22.5 percent.

Urban and rural people's living conditions were further improved. In 1995, 520,000 square meters of houses were built in urban areas with the fixed asset investment of state-owned units. According to sample surveys, peasants built 1.467 million square meters of houses in the year.

Urban employment saw new changes. Urban employees totaled 726,8000 by the end of 1995, 1,700 fewer than the 1994 year-end figure. Of the total, 62,200 were with private and individual sectors, an increase of 1,100; and 664,600 were with state-owned, collective, and other sectors, a decrease of 2,800. Contract workers totaled 120,000, up 24,800 from the 1994 year-end figure; and their proportion rose from 14.6 to 18.4 percent. To meet the needs in the market economy, 195 employment agencies were established throughout the province by the end of 1995, of which 45 were at and above the county level, 8 were nongovernment, and 142 were at the town or township level.

Social security made new headway. By the end of the year, 313,000 people throughout the province participated in the social security system, of whom 252,000 were incumbent workers, and 61,000 retirees.

Note: Some figures quoted in this communique are preliminary figures.

PRC: Experts Urge Taiwan To Return to 'One China' Principle

OW2803124196 Beijing XINHUA in English
1211 GMT 28 Mar 96

[FBIS Transcribed Text] Beijing, March 28 (XINHUA) — It is crucial for the Taiwan authorities to truly return to the "one China" principle, in order to relax the tensions between the two sides across the Taiwan Strait, said experts specializing in the study of the Taiwan question here today.

They made the remark at a forum sponsored by the Hong Kong-based newspaper "WEN WEI PO". Experts and officials from some government departments concerned attended the forum.

The participants held that with the ending of the activity of the change of the method for the formation of the leadership in Taiwan, it has become the demand of the people in the various sectors of Taiwan to relax, improve and develop the relations across the straits, as well as to protect the people's interests.

Yu Keli, an official from the Chinese Academy of Social Sciences, said it is true that some leaders of the Taiwan authorities have made some remarks about relaxation, due to their political needs and social pressures.

However, whether the tensions across the straits can be relaxed or not will hinge on whether the Taiwan authorities truly give up their activities of creating "two Chinas" or "one China, one Taiwan", to stop anti-communist propaganda, to accelerate the realization of the direct exchanges of mail service, trade, air and shipping services between the two sides, while not internationalize the Taiwan issue and not relying on foreign forces to interfere in China's internal affairs, he added.

Wang Zaixi, an expert from the Institute for International Strategic Studies, said in order to restore and develop the relations across the straits, it is essential for the new leaders of Taiwan to return to the "one China" principle, and hold talks to end the state of hostility, based on the eight propositions put forward by President Jiang Zemin.

On the direction of the relations across the straits, Li Jiaquan, an expert from the Chinese Academy of Social Sciences, said it is possible that the Taiwan authorities will cling to their splittist policy on the one hand, while taking some actions for relaxation to deal with public opinion on the other.

In these circumstances the relations between the two sides will probably relax, he noted, adding that as the

deep-rooted cause has not been extirpated, new crises and confrontations may emerge at any time in the future.

Song Baoxian, vice-director of the China Institute of Contemporary International Relations, also delivered a speech on the tendency of the U.S. policy toward Taiwan and the relations between the two sides of the Taiwan Straits.

PRC: Taiwan Public Opinion Urges 'One China' Stand

OW2703111696 Beijing XINHUA Domestic Service
in Chinese 0915 GMT 26 Mar 96

[FBIS Translated Text] Beijing, 26 Mar (XINHUA) — After the activities conducted to change the method of electing [chan sheng 3934 3932] leaders ended in Taiwan, public opinion on the island called on certain Taiwan leaders to return to the "one China" stand so as to put an end to hostility and realize "three direct links [navigation, postal services, and trade]" between the two sides of the Taiwan Strait, as well as promote development of the cross-strait relations.

At a forum sponsored by Taiwan's "Alliance for China's Reunification," noted figure Wei Yong said: The reason why tension mounts in the Taiwan Strait now is that "something has gone wrong with the policy" of the Taiwan authorities. He expressed the hope that Li Denghui [Li Teng-hui] will understand the reality and reaffirm the "one China" policy. National Chengchi University Professor Zhou Yushan hoped Li Denghui will think about the 21 million Taiwan people, take the road of maintaining "one China," and take concrete actions to bring about "three direct links" between the two sides of the Taiwan Strait until the talks materialize.

Soochow University Professor Yang Kaihuang said: Chinese Communists required Li Denghui to return to the "one China" stand not only by words, but also by deeds. The activities to change the method of electing leaders have ended in Taiwan now. If Li Denghui cannot commit himself to the "one China" principle, it will be very difficult for the cross-strait relations to achieve any breakthrough.

Personages of Taiwan's industrial and business circles eagerly look forward to improving the cross-strait relations and realizing the "three direct links." They believe that, because there are frequent economic contacts and trade between the two sides of the Taiwan Strait now, Taiwan manufacturers eagerly look forward to the lifting of the ban on the "three direct links" so that transportation cost and time may be reduced and the economic contacts between the two sides of the Taiwan Strait may be expanded. National Taiwan University Professor Wei Qilin said, if the ban on direct

trade is not lifted, it will be impossible for Taiwan to have the advantages to overtake Hong Kong and Singapore. Formosa Plastics Corporation President Wang Yongzai said: People on both sides of the Taiwan Strait are all Chinese. "Taiwan's flaunting the banner of independence" is an issue that concerns the personal safety of the 21 million people. The "top priority" task facing Li Denghui now "is to ease the cross-strait tension," "resolutely and unequivocally express Taiwan's stand of not pursuing independence," and then "improve economic relations and trade between the two sides of the Taiwan Strait" through various channels and methods. Fei Jinghan, chairman of the board of Taiwan's "Chung-Hua Institution for Economic Research" also believed that Li Denghui should, first of all, reaffirm that his stand on reunification remains unchanged and clearly indicate his line of steadfastly adhering to reunification now. Gu Liansong, chairman of Taiwan's Chinese National Association of Industry and Commerce, said: Relations between the two sides of the Taiwan Strait have become increasingly close since they began conducting exchanges. The development of the cross-strait relations has become the key to Taiwan's plan for economic construction in the future. Therefore, only by resuming "normal interaction between the two sides of the Taiwan Strait" can we promote common interests.

PRC: CPPCC Vice Chairman Qian Weichang on Taiwan Issue

OW2803063796 Beijing XINHUA Domestic Service
in Chinese 0217 GMT 28 Mar 96

[FBIS Translated Excerpt] Singapore, 27 Mar (XINHUA) — While commenting on cross-strait ties here today, Qian Weichang, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] national committee said: The motherland's reunification is the general trend of events. According to the principle of "peaceful reunification and one country, two systems," Taiwan will enjoy a high degree of autonomy and international dignity as a member of the Chinese nation.

He emphatically said: Only by conforming to the historical trend of the time, attaching importance to the overall national interest, and returning to the road of reunification, can Li Teng-hui find his own place in history.

Qian Weichang made the above statement at an exclusive interview with Lin Renjun, chief editor of Singapore's LIANHE ZAOBAO [UNITED MORNING NEWSPAPERS]. [passage omitted]

Qian Weichang began his visit to Singapore today after successfully concluding his trip to Oman and Syria.

PRC: Former 'Taiwan Commander' on Exercises

HK2803005896 Hong Kong TA KUNG PAO
in Chinese 23 Mar 96 p A1

["Special dispatch" by staff reporters Chiao Hui-piao (3542 1920 2871) and Cheng Gang-ying (6774 6921 5391) from Taipei 22 March: "Taiwan Veteran Analyzes Three Rounds of War Games"]

[PTS Translated Text for FBIS] Taiwan is to hold a presidential election tomorrow, and today is the last day for campaigning. Noise is heard everywhere, and transport vehicles have to bypass propaganda cars.

The People Liberation Army's [PLA] three rounds of war games in succession constitute a hot topic of conversation.

Three Rounds of Military Exercises Have Achieved Desired Results

Yeh Ching-jung [0673 0352 2837], former Taiwan vice army commander, said the PLA's three rounds of war games have achieved hoped-for results.

He said the three rounds of war games each have different meanings.

In the first round held from 8 to 15 March, guided missiles were tested.

Yeh said the missiles were fired into Keelung's and Kaohsiung's open waters, exactly where important international shipping lanes run through.

Taiwan entirely relies upon foreign trade for economic growth. Taiwan has to export goods while existing ports fall short of demands. If the PLA blockades Taiwan with missiles and extends the target zone to inside the ports, "where will Taiwan's steamships go? In that case, will the international shipping industry dare to undertake Taiwan's transport business?"—added Yeh.

Yeh stressed that the first round of war games showed that the mainland is in a position to blockade Taiwan.

The second round was conducted at the southern tip of the Taiwan Strait on 12-20 March. Yeh said the exercise site was close to Quemoy and Penghu with 150,000 troops taking part in three forces and logistical units.

Yeh said that according to his judgment, about 50,000 ground soldiers participated in the second round of exercises. With the support of naval and air forces, the 50,000 ground soldiers could occupy the two islands with ease. Since Quemoy is heavily guarded, the mainland would have to pay a higher price to occupy it, but attacking Penghu is another story.

He said he had pointed out a month ago that Penghu is easy to attack but hard to hold and that there is only a limited number of armed forces in Penghu. The Army units involved in the second round of exercises are strong enough to attack Penghu. As Penghu lies in the middle of the Taiwan Strait, if it falls into the mainland's hands, the whole strait will be clutched; is it true then that there is only one road open to Taiwan, the road to extinction? If an additional blockade is enforced by missiles, it will be useless for Taiwan to cry for help, no matter how hard it tries. Though Taiwan is an "unsinkable aircraft carrier," it cannot move.

Former commander of Quemoy and Matsu, Yeh has the conditions of the two islands at his fingertips.

The third round of exercises started off Pingtan on 18 March. It is in progress and scheduled to end 25 March. Yeh said the third round has additional significance. If the exercise zone extends upward from Pingtan, Matsu will be menaced; if it extends downward to small Wuchiu, it will border the center line of the Taiwan Strait. The center line is a very important invisible border line. In the past when the two sides of the Taiwan Strait confronted each other and the United States helped defend Taiwan, there was a tacit agreement: Taiwan airplanes refrained from entering the mainland and mainland airplanes from entering the Strait; when cruising, Taiwan airplanes flew along the center line while mainland airplanes flew parallel to the mainland, with neither side interfering with [gan rao 1626 2371] the other. The navies of both sides acted likewise to prevent clashes.

Yeh said Taiwan must strive for more space at sea because its territory is limited. The waters around Matsu and Quemoy can serve as a buffer zone and represent an elastic space.

A Serious Message

He pointed out that in the third round, mainland naval and air forces entered the Taiwan Strait. This is a very serious signal, because this means the past tacit agreement has been abandoned.

He said that in the event mainland warplanes and warships move near the center line from time to time in the future, Taiwan's and the Taiwan Strait's strategic space will be steadily reduced. Therefore, the small-scale war games off Pingtan were in fact more serious than those held at the southern tip of the Taiwan Strait.

Yeh maintained that after three rounds of military exercises, the mainland has attained the objective of controlling Taiwan. In the event of a fourth round of war games, the situation will be more serious, or the

mainland will even make war against Taiwan. At that time, Taiwan will be like a turtle in a jar.

He said: "This is the last thing we wish for. It is not necessary for the two sides to come to blows. Both sides had better restrain and iron out their differences." When speaking about the appearance of the U.S. fleet, which has attracted the greatest attention, Yeh was critical of the idea that the U.S. fleet's involvement will enable Taiwan to fluff up the pillow and have a good sleep. He said that the U.S. fleet cannot give Taiwan a hand because it does not dare enter the Taiwan Strait.

He said that analogous military exercises have been held at a U.S. Army combat academy. The U.S. Seventh Fleet went under at the first blow. Naturally the mainland suffered losses, but the Seventh Fleet was completely wiped out. So will Americans be ready to get involved in the war? Absolutely not. Does the mainland want to fight a war? Also no. Will Taiwan want to endure a war? Even less so.

United States Fears China's Reunification

Yeh said he dared to assert categorically: "Americans are more than willing to see Chinese come to blows, but they are afraid of being involved in the conflict." With the Taiwan card in hand, Americans can benefit from arms sales and justify themselves for their conduct before Southeast Asian countries. "Americans are only making a gesture by sending aircraft carriers here!"

Yeh pointed out: Chinese on mainland China are carrying out economic reforms over a vast area from the coast to the interior. In less than eight or 10 years, say by 2010, China will witness immeasurable development. A reconciliation between Taiwan and the mainland, the future reunification in particular, is something the United States and other big powers including Japan are most disgusted at and are trying their best to prevent. They fear that the Chinese will rise to their feet in the 21st century. They hope to use the Taiwan card to contain the mainland and even set one against the other so that the mainland will not grow too rapidly or will suffer losses, which will be in their greatest interest.

Finally, Yeh said in a grave tone and with sincerity: Taiwan is a small island near the mainland "power." Taiwan cannot run away. Fortunately we have many things in common: The blood of the sons and grandsons of the Yellow Emperor runs in the veins of Chinese on both sides of the strait; our ancestors are Chinese, and our children are Chinese, too. We cannot say we are not Chinese. If we say so, we will be cast aside by the overwhelming majority of Chinese, with unbearable consequences. He hopes that political figures will not

try to fulfill their political wishes at the expense of the people.

**PRC: 'Special Article' on Resignation of DPP
Chairman**

OW2803065096 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1217 GMT 25 Mar 96

[Special article by Hong Kong-based staff reporter He Jixiong (0149 2623 7160): "What Does Shih Ming-te's Resignation Show?"]

[FBIS Translated Text] Hong Kong, 25 March (ZTS)
— The Taiwan Democratic Progressive Party [DPP] is a political party that openly preaches "Taiwan independence." After results of the Taiwan "presidential" elections were announced, DPP Chairman Shih Ming-te held a news conference to announce his resignation and show his responsibility for the party's defeat in the elections. What does this move show?

Analyses by opinion makers and scholars inside and outside Taiwan emphasized: This shows that the people in Taiwan are opposed to the proposition of "Taiwan independence," and do not support the political party favoring "Taiwan independence," and that those who favor "Taiwan independence" will continue to suffer setbacks in the days to come. Some commentators even noticed that in conducting military exercises, the Chinese military stated its opposition to "Taiwan independence" and "intervention of foreign forces in Taiwan strait affairs." Judging from the fact that the DPP lost 10 to 20 percent of the votes cast in the elections, the military exercises of the People's Liberation Army have played the role of warning others against following a bad example.

Among the four groups of candidates in the "presidential" elections, the DPP ticket of Peng Ming-min and Hsieh Chang-ting gained just 21 percent of the votes cast, a crushing [can 1971] one-third drop from its traditional showing of 30-40 percent of votes cast in previous elections. The main reason was that the voters felt that there was a lack of safety in the proposition of "Tai-

wan independence" and that it might even bring about disaster to the island of Taiwan. The voters, longing for tranquility across the strait, did not cast their votes for them.

Of the four groups of candidates, not only was the percentage of votes the DPP gained lower than the average percentage of votes it gained in the last few years, but the total number of votes it garnered was even lower than that what Chen Ting-nan, a DPP gubernatorial candidate, gained the year before last. Moreover, the DPP was utterly routed in the counties and cities where it had incumbents. It failed to capture 30 percent of the votes cast in Kaohsiung and Yilan Counties where it has been in power for a long time. Even worse, the votes obtained by the "Peng-Hsieh ticket," which had full DPP backing, were unexpectedly less than the total number of votes gained by the "Lin-Hao ticket" and the "Chen-Wang ticket." On the contrary, the latter, who participated in the elections as unaffiliated candidates and with the joint nomination of citizens, gained nearly 25 percent of the votes cast. In its editorial concerning the election results, Taiwan-based CHUNG-KUO SHIH-PAO pointed out: "To the New Party, obviously this will serve as encouragement and may possibly have an impact on the development of political parties in the days to come."

China experts such as (wei fei de 7614 2431 1795), director of the East Asia Research Institute of the University of California at Berkeley, and (ao sen ge te 1159 2773 2706 3676), a highly qualified research fellow at the Asia-Pacific Research Institute of Stanford University, have concluded: The real purpose of the mainland's military exercises was to strike at the DPP's proposition of "Taiwan independence." Judging from the loss of the DPP votes in large number, it seems that the Chinese Communists achieved in part their purpose.

Seeking reunification is the common aspiration of the Chinese on both sides of the strait. Observers maintain: The proposition of "Taiwan independence" undoubtedly has no future.

Taiwan: U.S. Permission Needed for Li Teng-hui To Visit*OW2803041196 Taipei CNA in English
0328 GMT 28 Mar 96*

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, March 27 (CNA) — The Ministry of Foreign Affairs appreciated on Wednesday [28 March] U.S. Senator Jesse Helms' invitation to President Li Teng-hui for a visit to Washington, but said that permission from the U.S. government is necessary before such a trip could be scheduled.

Senator Helms, chairman of the Senate Foreign Relations Committee said Tuesday in Washington that he would invite Li, who was granted another four-year term in an election on March 23, to visit the United States.

Rock Leng, a spokesman for the ministry said in a press conference that U.S. administration's support and concurrence is necessary before Taipei will consider such a trip.

Noted that Helms has been one of Taiwan's firm supporters in U.S. Senate, who had defended the island's interest vigorously when the Senate debated the Taiwan Relations Act in 1979, Leng thanked him for his kindly offer. [sentence as received]

But he refused to say whether Li will accept Helms' invitation once the U.S. administration gives a green light to such a trip. He also refused to assess whether such a trip will deteriorate Taipei's relations with Beijing.

Li said in an interview published by the Asian Wall Street Journal on Wednesday that he is expected to be tied to domestic jobs after being sworn in in May, and has no plan to visit the United States so far.

Taiwan: 'Excerpts' of Li Teng-hui Interview*OW2803030996 Taipei CNA in English
0204 GMT 28 Mar 96*

[FBIS Transcribed Text] Taipei, March 27 (CNA) — Republic of China (ROC) President Li Teng-hui has expressed the hope that the unofficial high-level talks between the two sides of the Taiwan Strait will resume and lead to a peace agreement.

Li, who won a landslide victory last Saturday [23 March] in the first popular presidential election in Taiwan, said, however, that the issue of Taiwan's sovereignty will not be on the table.

Li said in an interview with the ASIAN WALL STREET JOURNAL [AWSJ] that government-

to-government talks, which some observers have speculated are in the offering, will take time.

He also refuted speculation that Taiwan will offer a major olive branch to Beijing to ease tensions between the two sides, and said that Taiwan will stand firm in its determination to seek a seat in the United Nations, calling the goal "the will of the people."

The following are excerpts from the interview published by AWSJ Wednesday:

AWSJ: what is the significance of your election victory?

President Li: The 21 million Chinese on Taiwan have demonstrated to the world that Chinese indeed can carry out direct democratic elections. The world used to regard the Chinese as incapable of practicing democracy. This direct presidential elections on Taiwan has proved this view very wrong. The 21 million have demonstrated to the world their staunch determination to pursue freedom, democracy and dignity. We have proved to the world that freedom and democracy are even more valuable than life itself.

[AWSJ] What is the meaning of the mainland's recent military actions in the Taiwan Strait? Which does China fear more: Taiwan independence or Taiwan democracy?

[Li] On the surface, the Chinese military actions appeared to be aimed at influencing the outcome of the election in Taiwan. In fact, there is a vicious underlying motive. To the Chinese communist regime, whose "power comes from the barrel of a gun," there is no greater threat than the direct election across the Taiwan Strait.

In order to divert the attention of the world and in particular of the people on the Chinese mainland, they have gone all out to smear the direct presidential election as a "Taiwan independence" activity. The mainland authorities have attempted to use their military exercises to mislead the world into believing that Taiwan's presidential election has nothing to do with democracy, but has everything to do with independence.

[ASWJ] Do you want to reopen the dialogue with the mainland, and if so, how will you do so?

[Li] Since relations between Taiwan and the Chinese mainland are crucial to the stability and prosperity of the Asia-Pacific region, nations around the world hope that Taipei and Beijing will begin a new age of peaceful exchange. The Chinese people on both sides of the Taiwan Strait are also longing to see an end to confrontation and a peaceful climate in the interests of a mutually beneficial and prosperous relationship. Hereafter we shall try to forge a national consensus and

make a priority of ending cross-strait confrontation with a peace accord.

At the same time, we will expand cross-strait exchanges in a gradual manner so as to leave for the people of both sides more room for trade and investment and to enable them to develop mutual beneficial economic relations.

[AWSJ] Is independence an option?

[Li] A lot of people smear me as secretly working for "Taiwan independence" or de facto independence for Taiwan. I can explain this with a Chinese saying: It is very easy for someone to set you up if he will grasp at a trumped-up charge no matter how preposterous.

The very existence and development of the Republic of China on Taiwan is a fact. Candidates on the four tickets in this election were running for the ninth-term presidency and vice-presidency of the Republic of China. Therefore, there is no question of the so-called "Taiwan independence." Our position is that the Republic of China's sovereignty and jurisdiction currently only extends to the Taiwan, Penghu, Kinmen (Quemoy) and Matsu area. This is a down-to-earth and pragmatic approach.

You have said you will continue to seek a wider role for Taiwan on the international stage. What is your strategy? Continue to press for membership in the United Nations?

It is the common aspiration of the 21 million people of the ROC on Taiwan to join the United Nations and let their voice be heard by the international community. Nevertheless, we know that under the present international situation, achieving this goal will take much time. It took the mainland authorities more than 20 years to enter the UN National development and the interests of the people demand that prior to reunification we continue with the bid to join the United Nations.

[AWSJ] Hong Kong will revert to the mainland in 1997. What is the significance for Taiwan?

[Li] I am sure that Taiwan and the rest of the world will be watching closely what happens in Hong Kong after 1997. All are concerned whether the mainland authorities will be able to continue Hong Kong's prosperity and its free and democratic way of life after they take over Hong Kong. This will be a severe test for the mainland.

The ROC government has reiterated that it will continue normal links with Hong Kong, strive for even greater involvement in Hong Kong affairs, and actively seek to serve Hong Kong residents. We hope the two sides of the Taiwan Straits will work closely with the Chinese

in Hong Kong in ensuring Hong Kong's continued prosperity and stability.

[AWSJ] Taiwan has created an economic miracle and a thriving democracy. It is possible for economic reform to exist without political reform? Does political reform inevitably follow economic reforms such as the mainland is adopting?

[Li] Vigorous economic development leads to independent thinking. People hope to be able to fully satisfy their free will and see their rights fully protected. And then demand ensues for political reform. The vitality and energy such reform releases is the same force that drives economic growth. Thus, economic reform and political reform must progress together. We have reason to believe that the mainland's policy of economic liberalization will bring demands and pressure for political reform.

[ASWJ] Will Taiwan's model take hold on the mainland?

[Li] The fruits of the Taiwan experience will certainly take root on the Chinese mainland. In fact, the mainland is already learning from Taiwan's economic miracle. The model of our quiet revolution will eventually take hold on the Chinese mainland.

[ASWJ] How can the United States best help Taiwan?

[Li] I must stress at the outset that the Republic of China's great success in developing its economy and completing the process of democratization based upon the former achievement is due not only to sound policies and the sustained efforts of the people. However, it is also attributable to economic and military assistance and moral support on the part of the United States over many years. For this we have always felt grateful because it ensured development in a stable climate.

Despite the break in diplomatic relations between the two countries in 1979, the U.S. continues to maintain and further develop substantive relations with the Republic of China within the framework of the Taiwan Relations Act. We hope that the United States will continue to fully enforce the act to further the friendly and cooperative relations between both countries. This, we believe, is conducive to peace in the Asia-Pacific region. Secondly, peace and stability in the entire Asia-Pacific region is indivisible. As a member of the region, we hope that the U.S. will continue to concern itself with the stability of this region and give us moral support.

[AWSJ] Do you intend to continue your "vacation diplomacy" and "alumni diplomacy"? Will you request another visit to the U.S. again soon? Where will you go next?

[Li] I said recently that any trip abroad that can help my nation and further bilateral relations with another country is of course worth taking. However, I have just been elected president of the Republic of China and will have a full agenda for a long period of time. I am afraid I shall have no time for overseas visits for quite a while, and now I certainly have no plans to visit the United States.

Taiwan: 'Full Text' of CNN Interview With Lien Chan

OW2803052896 Taipei CNA in English
0230 GMT 28 Mar 96

[FBIS Transcribed Text] Taipei, March 27 (CNA) — Premier Lien Chan, in an interview with the U.S.-based cable television station CNN, urged Beijing on Wednesday (27 March) to face cross-strait issues pragmatically and renounce the use of military force against Taiwan.

He said this is the only way effective consultations between Taipei and Beijing can take place.

He denied that there is a set timetable for national unification, saying that it will take some time before conditions are ripe. He said that rushing into the process too rashly would jeopardize not only the welfare of the 21 million people in Taiwan, but also the aspirations for freedom and democracy of the 1.2 billion Chinese on the mainland.

Lien suggested that Beijing resume routine talks between the heads of the mainland's Association for Relations Across the Taiwan Strait (ARATS) and Taiwan's Straits Exchange Foundation (SEF) and respond favorably to Taiwan's offshore transshipment center plan as initial steps to put the two on the long road to national reunification.

His interview was broadcast by CNN at EST 7:00 A.M. Wednesday (GMT 12:00).

The full text of Lien's interview follows:

Q1. What will it take to resume the dialogue with China?

A: We have declared time and again that the Republic of China (ROC)'s policy of pursuing a democratic and peaceful national reunification has in no way changed, and that we have maintained consistent sincerity and goodwill in continuing to promote relations with the mainland. We are willing to offer the developmental experience and assistance of the Taiwan area in the spirit of fraternal assistance and facilitate joint efforts to hasten the day when the goal of China's reunification is realized. Once again, Tom, I have to call your attention to an important distinction. The "China" I refer

to here is different than the "China" you mentioned in your question. The "China" I mean is, by my definition, currently divided and governed separately by two different political entities, i.e., Taipei and Peking [Beijing].

The replacement of confrontation with negotiation must be the trend for relations between Taipei and Peking. We shall call upon the mainland to renounce politicized misrepresentations and restore communications channels and negotiations in all aspects of cross-strait relations as soon as possible. This will speed up the pace of solving problems connected with exchange and, if both sides are willing, could allow for the airing of views on political topics to dispel misunderstandings and alleviate our differences.

Q2. President Li has called on Jiang Zemin to meet him in a summit and has proposed open air, shipping and mail links with the mainland. What does your government hope to accomplish with this offer?

A: Our guidelines for national unification do not rule out the possibility of holding high-level cross-strait talks when the time is ripe. The pragmatic approach at the present stage would be to resume the Ku-Wang talks and thereby strengthen mutual trust. If Peking is truly willing to hold official and multi-level cross-strait talks, it should first demonstrate its sincerity by renouncing the use of military coercion and lifting its present restrictions on the time and occasion of such meetings, the topics to be discussed, and the identities under which the participants would attend. We would consider multi-level and multi-channel interactions with the mainland authorities only if the security and welfare of our 21 million people in the Taiwan area are guaranteed.

Chinese people must work together on a complementary and mutually beneficial basis, sharing their experiences as the, like the rest of the world, focus their efforts economic development. [sentence as received] Direct transportation and postal links would help further expand cross-strait exchanges, and therefore will naturally be part of our policy considerations in the future. However, direct transportation and postal links are not purely economic issues. Taiwan's security must be safeguarded and problems over ship registration, flags, and reciprocal recognition of documents resolved before such direct link can be established.

Our government has adopted a rigorous and pragmatic approach toward the long-term development of cross-strait relations. For instance we have taken the first step toward establishing direct transportation links by setting up offshore transshipment centers. Pending Peking's favorable response, foreign ships, including those carrying flags of convenience, will be able to sail from shore to

shore. If this mode of operation proves successful, we will continue to draw up and evaluate plans for implementing a special Asia-Pacific operations zone and other methods of further strengthening cross-straits trade relations. Of course, whether this idea can be put into practice hinges on whether subjective conditions, such as domestic consensus and the confirmation of our legislative branch, are ripe. The Peking authorities will also need to pragmatically face cross-straits issues and renounce the use of military threats against Taiwan before practical and effective consultations can take place.

Q3. The Americans have pulled one of two carrier battle groups away from Taiwan. Does this mean a reduction in the tension?

A: We are not in a position to comment on the U.S. military deployment in this area, as that is a question of their own judgment and consideration. Nor will we count on U.S. movements as the only clue to evaluate whether or not the tension in the Taiwan Straits has been relieved. Our consistent view has been that national talks between the two sides must be resumed as soon as possible and that the gate to consultations must be reopened. That is the correct path for mending and reconciling cross-straits relations.

Q4. How much damage has been done to your economy by the military exercises conducted by China?

A. During the period when the mainland military was carrying out exercises, private businesses and the public maintained calm and composure because the pertinent government agencies adopted powerful and effective responsive measures to both keep sea and air transportation moving smoothly and to stabilize the financial sector. Accordingly domestic economic activities went on as usual. The fact that financial markets recovered after a brief period of instability, that the supply of all kinds of goods was sufficient, and that prices remained stable clearly demonstrates that the strength of Taiwan's economy and industrial foundation is able to withstand any test.

From a long-term point of view, we believe that cross-straits trade relations can be characterized as "united we both win, divided we both lose." The continuous military exercises conducted by the Peking regime may produce some negative influence on Taiwan's economy; however, on the other hand, they are disadvantageous to the mainland Chinese in terms of attracting Taiwan's capital, foreign investment, international trade and tourism.

Therefore, we hope that the mainland authority will realize this fact and pursue a "win-win" instead of a "lose-lose" policy.

Q5. At least one government official has mentioned a timetable for unification with China. Do you feel there is a set time required to do this?

A: National reunification is a long-term and arduous political task. Taiwan and the mainland were cut off from each other for forty years, so there are enormous disparities between the two sides in ideology, politics, economies, social systems, and lifestyles. We stand for the worldwide trend of pursuing democracy, free-market economic and social pluralism. It is indeed most urgent to narrow the gap between our political systems and living standards. Thus, mutually interactive relations between Taiwan and the mainland require a phase of using reciprocal person-to-person exchanges to further bilateral understanding and build a foundation for national reunification.

With the various disparities that currently exist between the two sides, reunification is an objective question of whether conditions are ripe, not a subjective issue of setting a time for reunification. If the government were to rush into the process rashly, it would imperil the welfare of the billion people in the Taiwan area as well as the hopes of our 1.2 billion fellow countrymen on the mainland for freedom and democracy. Thus the guidelines for national unification divide the reunification process into stages. The goal is to be attained according to sequence, not according to some subjectively set timetable.

According to the guidelines for national unification, the reunification process is mapped out into three stages: a short-term phase of exchanges and reciprocity, a medium-term phase of mutual trust and cooperation, and a long-term phase of consultation and reunification. In the initial short-term phase, if Taipei and Peking have not attained the goals of reducing enmity, not denying the other party as a political unity and not excluding the other from international activities, the cross-straits relations cannot move to the second stage. If we rush onward to the next stage, the two sides will not yet possess the foundation of mutual trust and cooperation. If the goals of the second phase cannot be realized, how can we talk about the third phase of consultation and reunification? The speed with which we progress through the various stages, apart from the effort we make, depends on Peking's response and the degree of consensus among the people on the mainland, as well as such factors as whether objective conditions are ripe for reunification. Unilaterally and subjectively setting a timetable is meaningless.

Q6: President Li talks of reunification under a democratic system. Do you expect China to change in order to link with Taiwan?

A. We must certainly seek the peaceful reunification of our country, but not under a communist system. Therefore, the time and manner in which Taiwan and the mainland reunify requires a guarantee of the political system and lifestyle currently enjoyed by the people of the Taiwan area, and assurance of the hope that the people on the mainland can pursue democracy and economic freedom. The Republic of China has already made great strides politically, economically and socially. We hope that the mainland can achieve corresponding changes, since only then can the gap between the two areas be narrowed. Only when the mainland is on the way toward a system of democracy, freedom, and prosperity will conditions be ripe for Taipei and Peking to start negotiating reunification.

In other words, our method for reunification does not involve piecing the two parts together forthwith to realize the goal, but rather making our successful experience the basis of sharing success with the people of the mainland, narrowing the gap in lifestyles and political systems, and bringing conditions of both Taiwan and the mainland more into line, to improve the welfare of all Chinese people. The mainland has made some progress in economic reform over recent years, and we believe that form will gradually be expanded to the political and other spheres. This is beneficial for the way of life for people on the mainland and for the future peaceful reunification of the two sides.

Taiwan: Taipei To Continue UN Membership Efforts

*OW2803102596 Hong Kong AFP in English
0936 GMT 28 Mar 96*

[FBIS Transcribed Text] Taipei, March 28 (AFP) — Taiwan will never stop its bid for membership in the United Nations despite the dismissal of its efforts by the United States and the world body, officials said Thursday [28 March].

"It is the consensus of the people here that the country should push for its UN membership," said Foreign Ministry spokesman Rock Leng, quoting Foreign Minister Fredrick Chien.

An official in US President Bill Clinton's administration told AFP in Washington Wednesday it would be unrealistic for Taiwan to try to regain a seat in the United Nations, which awarded the Chinese seat to Beijing in 1971.

In Beijing, UN Secretary General Butrus Butrus-Ghali said Wednesday that "unless there is a change of mind in Beijing, there is no possibility of admitting Taiwan to the UN."

Re-admitting Taiwan would require the recommendation of the Security Council, of which Beijing is a veto-holding member. Beijing regards Taiwan as a renegade province.

Rock Leng, however, said Taiwan would seek to regain the membership for the rights of the 21 million people here. He declined to provide details of Taiwan's plans.

Taiwan President Li Teng-hui, bolstered by his clear victory in the island's first free presidential elections Saturday, told the WALL STREET JOURNAL Tuesday he has not ruled out continuing efforts at restoring the island's seat at the international body.

Taiwan's effort to muster international support for a UN seat has been one of the leading causes of the recent crisis between the island and China, which has regarded the island as a renegade province since the end of a civil war in 1949.

Taiwan: Ministry Says Mainland Troops Return To Bases

*OW2803112696 Hong Kong AFP in English
1041 GMT 28 Mar 96*

[FBIS transcribed Text] Taipei, March 28 (AFP) — China has completed its various live-fire drills in the Taiwan Strait, and troops and weapons mobilized from other inland areas to take part in the drills have returned to their original units, Taiwan's Defense Ministry said Thursday [28 March].

The Ground troops, warships, and army helicopters transferred from other bases to Pingtan for the drills have all returned to their former bases," the ministry said in a statement.

"Except for a few warships which are still in Nanao, all ground troops in the Chinese southern province of Fujian have returned to normal status," it said. Pingtan and Nanao are two Chinese islands facing Taowam.

"Due to bad weather, part of the air force squadrons mobilized to take part in the drill still remain there," the ministry said.

Taiwan: Foreign Leaders To Attend Li Teng-hui Inauguration

*OW2803033196 Taipei CNA in English
0148 GMT 28 Mar 96*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 27 (CNA) — Nicaraguan President Violeta Barrios de Chamorro and Costa Rican President Jose Maria Figueres will come to Taipei to attend the inauguration of President Li

Teng-hui and Vice President Lien Chan on May 20, sources from the Ministry of Foreign Affairs (MOFA) said Wednesday [28 March].

Although the inauguration is still two months away and the MOFA has not sent out formal invitations yet, the governments of the 31 countries maintaining formal diplomatic ties with the ROC have informed Taipei that their heads of state, vice presidents or prime ministers will travel to Taipei to extend their congratulations to Lee and Lien.

El Salvadoran Vice President Enrique Burgos will lead a felicitation mission to Taipei, while Honduras and Guatemala will be represented by special delegations at the inauguration, MOFA officials noted.

Honduran President Carlos Roberto Reina, who will be busy in late May, will extend his felicitations during a formal visit to Taipei in July, the officials added.

Most of the 31 nations with diplomatic ties with Taiwan are in Latin America and Africa.

A large number of congressmen and parliamentarians from countries maintaining no formal relations with the ROC, including the United States and Japan, will also come to Taipei to attend the inauguration, the officials said.

Taiwan: DPP Accepts Chairman's Resignation Over Election Defeat

OW2803062096 Taipei CNA in English
0431 GMT 27 Mar 96

[By Lilian Wu]

[FBIS Transcribed Text] The Democratic Progressive Party (DPP) accepted the resignation of its chairman,

Shih Ming-te who offered to step down to take responsibility for the low support of the DPP candidates in Saturday's presidential election.

The DPP candidate, Peng Ming-min, although placing second in the four-way presidential race, managed to win only 21 percent of the votes cast in the election, far lower than the nearly 30 percent of votes garnered in the national assembly election held the same day. The DPP's support broke the previous low mark for the party, 23 percent [passage indistinct] his resignation to take full responsibility for the disappointing loss. The DPP central standing committee approved his resignation Wednesday [27 March].

The committee stressed that his resignation had nothing to do with either erroneous policy or his style of leadership. The committee expressed the hope that Shih will continue to play a leading role in the decision-making process of the party.

The DPP will convene a meeting Thursday to discuss the person to replace Shih temporarily as acting party chief as there are only two months left before Shih was to complete his term, and the DPP was burdened with heavy debt in excess of the NT\$100 million (U.S. \$3.66 billion) [passage indistinct] many DPP members have legislator Chag Chun-hug, who has served as DPP secretary-general is widely [word indistinct] as Shih's replacement.

Hong Kong

Hong Kong: Top Officials Excluded From Business Talks

HK2803055496 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 4

[By Denise Tsang]

[PTS Transcribed Text for FBIS] Key Hong Kong officials have been excluded from a high-profile business conference being staged next month by the Better Hong Kong Foundation and the Trade Development Council.

The get-together will be hosted by the Trade Development Council and the Better Hong Kong Foundation.

Senior Chinese official Lu Ping will give the keynote speech while China's top envoy in the territory, Zhou Nan, is to open the conference, which will discuss how Hong Kong should prepare for the handover.

Governor Chris Patten, Financial Secretary Donald Tsang Yam-kuen and Monetary Authority chief executive Joseph Yam Chi-kong have not been invited, nor have local bankers.

Henry Cheng Kar-Shum chairman of the Better Hong Kong Foundation's advisory council and managing director of New World Development said: "The China and Hong Kong markets are closely linked. The most direct and effective way to discover more about them is to invite mainland officials to the conference."

The foundation was set up last year "to promote financial and economic confidence in Hong Kong". It counts among its members some of the territory's wealthiest tycoons.

It drew controversy last month when its chief executive, Leonie Ki Mall-fung, told a US newspaper Hong Kong had not heard the word democracy until Mr Patten arrived.

She said yesterday that mainland officials could help boost investor confidence by reaffirming Beijing's "one country, two systems" policy.

Dennis Yau Tat-wang, TDC deputy executive director, said that inviting Hong Kong officials to speak would have meant repeating events at a symposium which took place this month.

That symposium, organised by the Government, was aimed at promoting Hong Kong's services sector in the wake of Budget moves to strengthen industry.

TDC executive director Michael Sze Cho-cheung, the former Secretary for Civil Service, said the conference was aimed at increasing international awareness of Hong Kong's role as an international hub.

Mr Yau said 14 business leaders from Hong Kong, the US, Japan and Europe would speak on the territory's future.

Hong Kong: 'No Justification' for Provisional Legislature

LD2703105596 (Internet) FCO On-Line WWW Service in English 27 Mar 96

["Hong Kong - Preparatory Committee Announcement on Formation of Provisional Legislature: Statement by the Foreign Secretary, 25 March 1996" — FCO On-Line WWW headline]

[FBIS Transcribed Text] 'As the Prime Minister said in Hong Kong earlier this month, the electoral arrangements passed by the Legislative Council in 1994 were and are wholly compatible with the Joint Declaration (JD) and the Basic Law (BL). Those elected by the people of Hong Kong in record numbers should be allowed to serve their full four year term.

There is therefore no justification for any Provisional legislature. No such arrangement is mentioned in the JD or the BL.

The Prime Minister made our position clear to Premier Li Peng in Bangkok. I did so with President Jiang Zemin, Premier Li Peng and Vice Premier Qian Qichen in Peking [Beijing] in January. Earlier today, the British Ambassador in Peking made our concerns known to the Chinese authorities.

China needs to show that Hong Kong people really will be ruling Hong Kong, as promised in the JD and the BL. This can be achieved only if those who have been freely and openly elected by the people of Hong Kong are fully involved in the arrangements for the establishment of the SAR'.

Hong Kong: Li Lanqing Meets Hong Kong Delegation

OW2703124796 Beijing XINHUA in English 1226 GMT 27 Mar 96

[FBIS Transcribed Text] Beijing, March 27 (XINHUA) — Chinese Vice-Premier Li Lanqing today met with a delegation from the Chinese Import and Export Association of Hong Kong led by its President Ng Lin Fung.

Speaking in Beijing Li said China's consistent policies towards Hong Kong will remain unchanged.

The central government, he added, had no reason to change the policies of "one country, two systems", "Hong Kong people governing Hong Kong", and a high-degree autonomy in Hong Kong.

A prosperous and stable Hong Kong with the policies to be implemented will not only conform to the interests of Hong Kong residents, but also to the needs of the mainland's development, Li said.

Ng said that the Chinese Import and Export Association which was founded in 1954 is an organization aimed at promoting trade and links between the mainland and the outside world.

It will continuously play a positive role in maintaining Hong Kong's prosperity and stability after 1997, he added.

Hong Kong: Patten Renews Promise To Help New Chief Executive

HK2803055796 Hong Kong SOUTH CHINA
MORNING POST in English 28 Mar 96 p 4

[By Chris Yeung]

[PTS Transcribed Text for FBIS] Governor Chris Patten has renewed a pledge to co-operate with the chief executive designate and his team.

But he hinted that the administration would not give any help to the provisional legislature China has decided to form to replace the Legislative Council.

Mr Patten told the South China Morning Post he did not think the future chief executive would not want to talk to him about the handover.

"I think the chief executive-designate would have a less successful start if he or she took that point of view," he said. "Chinese officials would have found life easier if they talked to the Government more on issues such as the right of abode."

Mr Patten's invitation to senior Chinese official Lu Ping has been repeatedly rejected.

The Governor said officials were looking forward to early talks on co-operation with the chief executive-designate and his team.

"I hope we will have the opportunity to discuss how we can most effectively help the chief executive," Mr Patten said. "Whatever our disagreements on provisional legislature, it's in everybody's interest that the Special Administrative Region government should have as good a start as possible. I think the whole community would wish him well and give whatever support they require within the parameters that we set out."

In his policy address last October Mr Patten said any such co-operation should not undermine the administration's authority and damage civil servants' morale.

The Government, he said, had yet to hear from the Preparatory Committee. But he said it was inevitable that the work of co-operation would become more complex and extensive after the chief executive and his team were named.

Mr Patten did not say whether the informal briefings that were given by officials to the disbanded Preliminary Working Committee would be provided for members of the provisional legislature.

"Nobody asked us to give assistance to their [the provisional legislature's] work . . . I've said clearly that I have intended to do nothing that would undermine the authority, legitimacy and credibility of a lawfully elected Legislative Council," he said.

"I can assure you that's a line that will be kept to absolutely and firmly."

Hong Kong: Patten Vows To Back Civil Service

HK2803060096 Hong Kong SOUTH CHINA
MORNING POST in English 28 Mar 96 p 1

[By Chris Yeung]

[PTS Transcribed Text for FBIS] The Governor yesterday vowed to shield the civil service from political disputes with China, despite his senior aides becoming embroiled in a row over their support for the provisional legislature.

Insisting the political neutrality of the civil service had never been in question, Chris Patten said Hong Kong's top officials would remain loyal to the Government before and after the handover.

His comments came after senior mainland officials caused a furore by suggesting that top civil servants must publicly declare their support for the provisional legislature if they were to keep their jobs after the handover.

Mr Patten said yesterday that China's latest bombshell had seriously dented civil service morale. Everyone should be making it clear they wanted a smooth and successful transition for the territory's 180,000 civil servants.

"That's certainly what we'll be working to do and working to avoid the civil service being dragged into the cockpit of controversy," he said. "Government isn't something you can turn on or turn off like an electric kettle. If you do things to government before 1997 which damage it or attempt to damage its authority, that has consequences after 1997."

Mr Patten said Beijing should put forward its ideas through official meetings, not by irresponsible comments "at tea parties". "You can't toy with these things... they matter fundamentally to the well-being of Hong Kong."

Meanwhile, the pro-China Democratic Alliance for the Betterment of Hong Kong (DAB) claimed it was Mr Patten's criticism of the provisional legislature which was the problem.

"The hostile attitude of Mr Patten towards the provisional legislature has put senior civil servants in a difficult position," it said. "It has also raised concerns over future co-operation between the civil service and the provisional legislature."

The DAB said a provisional legislature was essential since the Legislative Council elected last year could not survive the handover.

DAB vice-chairman Tam Yiu-chung, who is also a Preparatory Committee member, said principal officials should not be required to support the provisional legislature because it was only a transitional body.

However, he said senior officials selected by the chief executive-designate for his team would have to leave the present administration for a certain period of time. "Their jobs can be taken up by their deputies temporarily. We hope that the length of such a period will not be long," said Mr Tam.

According to a senior Beijing official, government officials selected by the chief executive would have to pay allegiance to their post-1997 chief—not the present Governor.

The question of dual allegiance would have to be discussed by Beijing and London, he said.

The Association for Democracy and People's Livelihood said principal officials would only have to swear allegiance to the Special Administrative Region, and no other criteria should be imposed.

They said any requirement for senior officials to quit their present posts to join the team designate would paralyse the administration.

Hong Kong: Democrats Accuse Beijing of 'Interference'

HK2803063696 Hong Kong SOUTH CHINA MORNING POST in English 28 Mar 96 p 6

[By Staff Reporters]

[PTS Transcribed Text for FBIS] The proposed joint preparation of the 1996-97 Budget by Hong Kong

officials and Chinese experts drew criticism from the Democrats.

The party chairman, Martin Lee Chu-ming, said mainland involvement in the preparation of the transitional Budget through the Joint Liaison Group was interference in the territory's internal affairs.

"Mainland officials have been vociferous in saying that Hong Kong Government was spending lavishly. They have also mentioned a 'car crash, killing all the passengers'.

"If they put their words into action and directly influence the preparatory work for the [1997-98] Budget, this will set a very bad precedent, damage Hong Kong's high degree of autonomy and override the future SAR government," he said.

Mr Lee also accused China of intending to use the "puppet" provisional legislature to scrutinise the Budget.

"A 400-member puppet selection committee is formed by a puppet Preparatory Committee, then helps form a 60-strong puppet provisional legislature to scrutinise the Budget when the SAR government is set up. They must know deep in their hearts whether they are representing Hong Kong people or Beijing officials."

Mr Lee said he hoped the Financial Secretary Donald Tsang Yam-kuen would clarify whether China had been given a veto on the Budget or if it was just being consulted.

Independent Emily Lau Wai-hing questioned a need for co-operation, given China's tough stand on Hong Kong issues. She said Mr Tsang might have been replaced by the time the next Budget was put together. "Now there are crazy dogs demanding government officials state their position [on the provisional legislature] and resign if picked in the team designate," she said. "I'm not sure who will handle the Budget next year as the top echelon of the civil service might be empty."

The Liberal Party chairman, Allen Lee Peng-fei, stressed the importance of close liaison between the Chinese and British governments, and the participation of the chief executive of the SAR in the preparation of the transitional Budget.

Mr Lee, a Preparatory Committee member, said the SAR was responsible for three-quarters of the Budget straddling the handover. He urged both sides not to "waste precious time" on meaningless arguments.

Another Preparatory Committee member, Eric Li Ka-cheung, also called for close co-operation to make a "through budget" possible. Mr Li said that it was futile

to argue about who was taking the lead in preparing the Budget.

"Legco will be the first hurdle for the next Budget but the provisional legislature will also have its say," Mr Li said. He hoped Mr Tsang could provide a "through budget".

Hong Kong: Beijing Working on Shadow '97 Budget

HK2803073996 Hong Kong HONGKONG
STANDARD in English 28 Mar 96 pp 1, 2

[By Philip Ho and Carmen Cheung]

[PTS Transcribed Text for FBIS] China is working on the Budget for Hong Kong for the nine months after the transfer of sovereignty as prospects for a smooth transition continue to dim.

Sources close to the mainland said yesterday the Budget task had been given to Beijing's think tank in the territory, the One Country Two Systems Economic Research Institute in anticipation of a failure in Sino-British talks that have yet even to begin.

Meanwhile with relations again teetering on the brink Governor Chris Patten lashed out at China over Beijing's plans to get top civil servants to declare support for the provisional legislature.

And in the Legislative Council Budget debate, the Democratic Party's Huang Chen-ya added to the uncertainty by serving notice that support for the transitional Budget may not be forthcoming.

"I've got to tell the Hong Kong government that we will not accept any Budget that sells Hong Kong people down the river," he declared.

The mainland source told The Hongkong Standard that although Beijing had been promised equal participation in the drafting of the next Budget, preparations for failure must be made now.

The source added that even if the actual drafting was made by the Hong Kong government, Beijing could not simply sit back and let the Financial Secretary decide everything.

So a team from the institute, led by the deputy secretary-general of the Preparatory Committee, Shiu Sin-por, had started work on the Budget for the nine months after British withdrawal.

If needed, this Budget would be approved by the provisional legislature. It was not clear how such a draft could be put together without the necessary information from the Hong Kong government.

Mr Patten has already made it clear there will be no co-operation with the provisional body.

Yesterday he pledged to "do everything" to protect the political neutrality of the civil service and to prevent them getting snared in the Sino-British political controversy. After visiting an elderly service centre in Wong Tai Sin yesterday Mr Patten said the traditional quality of the civil service was unquestionable in spite of the sovereignty transfer.

"I'm delighted that despite all the problems of the transition, its morale has remained high, and its political neutrality has been unquestioned. The civil service is totally committed to the wellbeing of Hong Kong. Now we wish to do everything possible to protect those qualities and those attributes.

"And I hope that everybody will make it abundantly plain in the coming weeks and months that they want to see a successful transition for all our excellent civil servants."

The qualifications for principal officials of the future SAR government were already clearly stipulated in the Joint Declaration and the Basic Law "and no one can change them", he said.

Beijing, however, appeared bent on making principal officials of the administration declare their position six months before the handover.

A PC member Tam Yiu-chung said those principal officials chosen for the chief executive's team designate could be replaced by their deputies so that the current administration would not be crippled during the last six months of British rule.

"When the chief executive is being appointed, he needs the help of the officials. If some of them are still serving the Hong Kong government, I'll suggest that their jobs be given to their assistants temporarily. I hope such a transitional period will not last long," Mr Tam said.

Beijing officials had earlier this week said that senior officials who wanted to sit on the through-train would be barred from serving Governor Chris Patten's government once they were appointed to the team designate.

The senior officials who will be directly affected were silent yesterday. They have been told to leave the talking to Chief Secretary Anson Chan Fang On-sang. But one official, speaking on condition of anonymity, said he and his colleagues had not been upset by this development.

"I won't believe it until it comes out as an official announcement by China," he said. He explained it was illogical for China to force the senior officials to leave the government six months before the handover and

then rejoin the SAR government after the handover as government policies could not afford drastic changes before and after 1997.

Other top officials dismissed Beijing's new pronouncement as mere "microphone sounds" in the continuing Sino-British squabble.

Hong Kong: Downgrading Unlikely for South African Consulate

HK2803072596 Hong Kong HONGKONG STANDARD in English 28 Mar 96 p 5

[By Diplomatic Editor, Neville de Silva]

[PTS Transcribed Text for FBIS] South Africa's consulate here which faced downgrading after the change of sovereignty, is now expected to remain unchanged.

South Africa, one of six countries with a full consulate in Hong Kong, has diplomatic relations with Taiwan and not China and was reminded by Beijing last December of a possible downgrading or closure under the Basic Law.

But now there are growing signs that South Africa will switch diplomatic relations and recognise China well before Beijing resumes sovereignty over Hong Kong in 1997.

South African Foreign Minister Alfred Nzo's two-day visit to Beijing this week and his talks with Chinese leaders point to a change in diplomatic recognition that is likely to come within the next few months, if not sooner, diplomatic sources say.

Mr Nzo's visit was not only the first by a South African foreign minister to China but was significantly timed to come immediately after Taiwan's presidential election.

A diplomatic source in Beijing said the future of the South African consulate in Hong Kong was one of the factors that appeared to have influenced Pretoria to push ahead with establishing diplomatic relations with Beijing.

"But it does not mean that South Africa will abandon Taiwan. Because of the very strong ties between them historically, some arrangement will be made to have reciprocal representative offices in Taipei and Pretoria. But they will function under rather innocuous names".

South Africa's increasing trade and investment ties with Hong Kong was one of the factors that had influenced

Pretoria to try to maintain its presence here, another diplomat said.

Macao

Macao: TV Documentaries Highlight Conditions in Macao

OW2703130396 Beijing XINHUA in English 1159 GM 27 Mar 96

[FBIS Transcribed Text] Macao, March 27 (XINHUA) — Two TV documentaries to introduce to viewers the basic conditions of Macao is to be broadcast soon in China's Central Television (CCTV), television stations in Guangdong and local television in Macao.

Entitled "Macao in Peaceful Transition" and "Macao Marching Toward the 21st Century", the two documentaries show the history, geography, culture, education and religions of Macao and major events in the development of friendly relations between China and Portugal.

In addition, the documentaries recorded the construction of large projects in the past several years and the promotion of the Macao Basic Law, which was promulgated in March 1993.

Chui Tak Kei, president of the Promotion Association for the Basic Law of Macao, said at a ceremony celebrating the premiere of the documentaries Tuesday [27 March] that to know about Macao and its future will help enhance confidence in the future of Macao, and ensure a peaceful transition.

"We hope that the broadcast of the two documentaries will enable people in the mainland, in other countries as well as in Macao know more about Macao, and more correctly," he said.

Zong Guangyao, vice-director of the XINHUA NEWS AGENCY Macao Branch, extended congratulations on the broadcasting, saying it will further help promote the knowledge of the Macao Basic Law.

The documentaries were shot following three years of effort by the Promotion Association for the Basic Law of Macao, and will be broadcast later this month and early April.

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